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# West Europe Report

No. 1793



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## SPD'S HORST EHMKE DEFENDS NATO DECISION

Rotterdam NRC HANDELSBLAD in Dutch 29 Jun 81 p 7

[Interview with Horst Ehmke, member of SPD Executive Committee by correspondent, Ben Knapen; date and place not given: "Unilateral Disarmament Does Not Lead to Imitation"]

[Text] One of the outstanding social democrats in the FRG who recognized early the significance and the recent growth of the pacifist movement in his country is Horst Ehmke. He is deputy chairman of the SPD group in the Bundestag, member of his party executive committee, expert in the field of American-European relations and an experienced politician. In Willy Brandt's time he was ("Brandt's right and left hand") and deputy minister for a number of years at the federal chancellery. The 54 year old professor filled four ministerial posts in public law until he left the government with Brandt. Meanwhile, Ehmke is again one of the authoritative personalities in the government camp and he is considered a "key replacement": if an important post becomes vacant, as only recently in the case of defense, Ehmke's name always comes up for discussion.

According to Ehmke, mistakes are made in the discussion about security and the NATO decision for stationing medium range weapons: "It is true we had a broad discussion at our SPD Congress in Berlin (December 1979), but afterwards we made the mistake of breaking off the real discussion.

"Afterwards, questions about the NATO decision and the value of deterrence bore down on us from outside. Meanwhile, we did not have to wait."

[Question] Where does this revival of the discussion come from?

[Answer] To begin with, the time for discussion of the two-fold NATO decision was very short. Moreover Reagan's victory was very decisive, so that partly contradictory statements came out of the United States about armament plans, about the need for a policy of superiority and the like.



[Question] What do you think then of the new peace movement?

[Answer] In principle I consider it positive because we have not had any discussion about security policy for a long time. The young people in the peace movement are not acquainted any more at all, for example, with the deterrence discussion of the fifties and sixties. In fact, we have never discussed on a broad public basis the replacement of the strategy of total deterrence by that of flexible response.

[Question] Consequently that peace movement here is no sickness or even a "Dutch sickness" as some say here?

[Answer] No, on the contrary, I consider the peace movement rather a sign of a society's vitality, than of decadence.

[Question] Where does this obviously Christian inspired movement come from?

[Answer] One must see it in connection with the environmental movement, with the alternative movement and also with the doubts which are appearing about the consumer society and large scale technology. Such doubts must of necessity appear with armament which also is a matter of large scale technology and which cannot be eliminated from our social system.

This starting point of criticism is different than in the sixties, in many respects also a more apolitical starting point.

[Question] Why is it more apolitical?

[Answer] My own political argument with today's peace movement is that it is making a political mistake. It concentrates practically exclusively on the abrogation of the NATO decision. But the peace movement cannot be taken seriously, as long as it does not also demand the withdrawal of the Soviet missile systems. These are already there and are not just planned as the western systems.

[Question] It is still a question of the peace movement bringing about disarmament and then we must ask how?

That is only possible through negotiations. That is the only opportunity to influence the Soviet Union. Now you can evade this question and say that you believe in unilateral disarmament. But then you also must be willing to realize that such efforts have already been undertaken. President Carter did not build the MX missile, did not build the B-1 bomber and did not build the neutron bomb. The Soviet Union did not give up anything in return for that. Consequently unilateral steps do not get the Soviet Union to follow them.

Accordingly we must ask the peace movement, with whom the discussion is just beginning, what kinds of negotiation proposals must be made, what expectations we may harbor about the results of the negotiations and the like.

The peace movement is now only following an accelerated program which does not go fast at all. There is no direct way to disarmament, according to which everything takes care of itself, once the NATO decision is settled. We must make it clear in the discussion with the peace movement that it is now only achieving a result which is in conflict with its own desires for disarmament.

[Question] What do you think then of the ideas in your own party to reconsider the NATO decision, for example, stationing of the missiles at sea, as has also been said in the Netherlands more than once?

[Answer] I think that first of all we must stick with the decision for the sake of the negotiations. That decision is now as it is and is the basis for discussions with the Soviet Union. Moreover, I do not believe that the Soviet Union sees any advantage in missiles stationed at sea and it would not make the negotiations easier.

[Question] Why not?

[Answer] Because it is very difficult for the Soviet Union to know what kind of missiles, what kind of nuclear warheads can come out of the water.

[Question] But it certainly would be easier in domestic policy with the missiles at sea?

[Answer] Undoubtedly.

[Question] Some also suggest delaying the date of stationing (end of 1983) somewhat, for a lot of time has already been lost because of the change of government in the United States?

[Answer] We have even lost 2 years. But it still is not such a situation that negotiations are conducted and conducted and conducted and at the conclusion, the ideal solution appears.

It is quite conceivable that the negotiators, meanwhile will meet with a certain government, for example, to omit certain things during the negotiations. And then we must see what situation we are in at the end of 1983. There is nothing automatic about stationing. Each of the European countries will decide about that for itself.

[Question] Among other things, the Netherlands is considering the possibility of eventually supporting the NATO decision, but then on



condition that fewer missiles are stationed: instead of 572, for example, 372. Would that be useful:

[Answer] Naturally, 572 is not a firm figure. But first let Americans and Soviets negotiate and see what kind of an agreement of interests appears there. I am now against changing anything. That produces nothing and, on the contrary, makes the Soviet Union uncertain about our own intentions.

[Question] But it could eventually result in one country--the Netherlands--again taking part in the NATO decision.

[Answer] Good--I understand that very well from the domestic policy point of view. But you ask me what I think about that and then I say: it is now sensible from a political standpoint, if one wants to achieve results, to abide with what has been decided. The rest can be discussed at the negotiation table.

[Question] Many statements from the United States certainly do not give the impression of great willingness for negotiations. Last week, the American disarmament leader, Rostow, said that his government really does not know what it wants to negotiate about.

[Answer] Unfortunately many statements from the United States have a very negative effect on Europe, especially because the Europeans get the impression that this American government does not know what it wants. Indeed, this last, also fits in. It seems completely uncoordinated: Mr Eagleburger (European chief in State Department--b.k.) says this one day, Rostow says that another day. Unfortunately in the present sensitive situation in Europe these are contributions which make matters worse here.

[Question] Must the FRG government express its opinion more forcefully as it did in Carter's time?

[Answer] One cannot really say that we have not made our opinion clearly recognizable to the new administration. Without the pressure of the European governments, the Americans still would not have promised they are ready for negotiations and certainly not without "linkage," for example, with Afghanistan.

[Question] For a period after the elections, you got the impression here in Bonn of an apathetic government...

[Answer] That is correct...

[Question] Such apathy led in other countries to another government. Is the hour of the Christian democratic CDU/CSU nearing?

[Answer] Just think about it: there comes in a conservative government without a definite program, which now, while they are in the opposition, is not discussed at all out of fear of showing internal dissension to the outside world. And this CDU/CSU must then solve the difficult foreign policy and economic problems against the peace movement, against a great deal of the church, against us as opposition and against the trade unions? Then I can only say: good night, Marie!

[Question] But you can perhaps imagine that some in Washington would prefer to cooperate with a CDU chancellor?

[Answer] If a CDU government would appear here then the United States would have a weak government as a partner against a powerful protest movement. That would have a destabilizing effect which would not be limited to Germany. Whoever in America is involved with Europe, knows that--perhaps many a heart there is closer to the CDU than to us.

8490  
CSO: 3105/149

## CSU'S STRAUSS FAVORS ARMS WITHOUT NEGOTIATIONS

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 13 Jul 81 pp 1-2

[Report by "Fin.": Strauss Says a Straightforward Counterarming Decision Would Have Been Better--CSU Party Congress Dominated by Security Policy--Pacifism and the Danger of War"]

[Text Munich, 12 July--At the Munich party congress, which confirmed him in his office with a large majority, CSU Chairman Strauss described NATO's dual decision as "substantively illogical." Conceding that with this explosive statement of his he probably would be misunderstood once again, Strauss said that the decision of December 1979 was based purely on "tactical considerations." Originally the Americans had only wanted to create a counterweight against the Soviet SS 20, but after reservations had been voiced in Europe, the Americans had been compelled to solve the problem of receiving assent to counterarming both from its advocates and from its opponents. In order to remove European resistance, the Americans had "accepted the proposition" of adding the decision to negotiate to the counterarming decision. This had given rise to an unfortunate double meaning: "the one had one part in mind and swallowed the other, while the other had the other part in mind and therefore swallowed the one."

In Strauss' opinion a straightforward counterarming decision would have been "far more likely to lead to genuine negotiations" than the dual decision that is now on the table. If there now should be any negotiations, they presumably would drag on for years. Strauss based this diagnosis on "differences in noting what the facts are," saying that there exist opposite points of view as to what is meant by arming and counterarming--in other words, differences as to the starting position.

At this point the CSU chairman began strong criticism of some SPD politicians. Brandt was described as devious in that he had accepted Brezhnev's thesis that it was not the United States but the Soviet Union that needed to catch up in armament. This, Strauss said, shifts the weight completely. Strauss had nothing but scorn for the news that Brezhnev was trembling for peace, saying that the remarks by the "swaggering and blustering" Brandt amounted to "psychopolitical support of Soviet strategy." Part of that strategy, aimed purely at an "expansion of power," was to talk the dual decision to death in as long drawn out negotiations as possible in order to prevent U.S. counterarming altogether. In Strauss' view, many SPD and

some FDP politicians are "secret helpers" of the Soviets. Using the expression "arsification [Verarschung] of the Americans," Strauss said it was a "false-bottom king of mendacity" to speak one way in Washington and a somewhat different way in the Federal Republic. Citing Milovan Djilas, he expressed the view that it was not enough for the West to be ready for defense but that the East had to notice something of that readiness for defense. Summarizing, the CSU chairman stated: "If one decreases an aggressor's risk, one increases the danger of war."

Part of the pacifists also came in for attack by Strauss. He reminded his audience that Hitler was encouraged to make preparations for war by the broad pacifist trend in the western industrialized countries, about which he had obtained the most detailed information. According to Strauss, a victory by the pacifist movement amounts to a great increase in the danger of war. "If NATO breaks up, a third world war will become infinitely more probable," he said, whereas at present, as far as it was humanly possible to say, it was virtually out of the question. Pointing to his own bitter war experience, Strauss described himself as a "pacifist with a sense of responsibility," as opposed to "pacifists with a purpose" and "pacifists out of fear."

As for economic and fiscal policy, Strauss said he was being asked in numerous interviews, "What would you do?" Before the party congress, "What would you do?" Before the party congress, he dismissed such questions with the remark, "I would answer this question if I was federal chancellor or federal minister of finance." While the CDU/CSU knew that it was necessary to save about DM 20 billion in the 1982 budget, the SPD-FDP, "having made its bed, now must lie in it." The CSU too was "of course ready" to enter into a coalition with the FDP, but this did not mean that it was ready to abandon its own point of view. First, however, it was the task of the opposition in Bonn to conduct an "intellectually clean and analytically clear enlightenment of the population." In this connection Strauss described Schmidt's opinion that a chancellor could not assume the intellectual leadership of the nation as a "half-truth." Those "responsible in politics"--though not they alone--definitely had to make "their contribution to intellectual leadership." In conclusion Strauss said: "Without CDU/CSU leadership the ruin of the Federal Republic and Europe can no longer be stopped."

CDU Chairman Kohl, who had interrupted his vacation in Austria, told the party congress that Strauss was and remained a "determining factor" [praegende Kraft]. He was a man "continuing on his way." Kohl posed the sarcastic question: "What has happened to the SPD and FDP voters? There is hardly anyone left who says he is one." Nevertheless he warned against the kind of excitement in CDU/CSU ranks which leads to "the belief from the end of one month to the end of the next that now it is our turn." Kohl too expressed the view that it was not up to the CDU/CSU to help the federal government out of all kinds of straits shortly before its end, particularly since the government was saying that it did not need the opposition. "Nor is it our job" as far as the 1982 budget is concerned, Kohl remarked.

Like Strauss, Kohl dealt predominantly with foreign policy, which in his opinion was "our destiny" anyway--and this was something the population must not lose sight of. Large parts of the SPD, Kohl said, were undermining security policy. For the next 12 months he predicted "a hurricane of calumnies of the NATO alliance." In the opinion of the CDU Chairman too, Brandt and Bahr are acting as mouthpieces of Soviet propaganda.

Frans Josef Strauss was elected CSU Chairman for the 12th time. Of 896 votes cast and 873 valid votes, 844 were cast for him. At the election 2 years ago, at which Strauss was not opposed either, the number of invalid votes and of votes cast for others had been clearly smaller. Of the four deputy chairmen who all ran for reelection, Landtag Speaker Heubl got by far the most votes--791. Werner Dollinger received 693, Mathilde Berghofer-Weichner 658, and Fritz Zimmermann 626. Bundestag Deputy Friedrich Voss was elected new second treasurer. Strauss said that, like First Treasurer Spilker, he should concern himself with procuring funds, and not only with administration and distribution, as had been the case with Werner Mueller, who had laid down his office for reasons of age.

8790

CSO: 3103/3/3



## INCIDENTS MAY INDICATE EXISTENCE OF INCIPIENT TERRORISM

Lisbon TEMPO in Portuguese 2 Jul 81 pp 1, 4

[Article by H.O.: "Signs of Terrorism Detected in Portugal"]

[Excerpt ] There is every indication that an intense campaign of terrorism is being planned in Portugal, aimed at destabilizing the normal life of the country, and creating an atmosphere of insecurity and uncertainty day by day, while simultaneously preventing economic development, an improvement in the standard of living, the implementation of social justice and a democratic way of life. This gloomy picture which has been exposed and which is attributed to the non-democratic left, is based on very concrete situations discovered by TEMPO, the latest of which is reflected in incidents that occurred at the end of the Nazarenos-Academico de Viseu soccer match played last Sunday in the town of Nazare. According to the investigations that have now been conducted, these incidents proved to have been perpetrated by professional agitators, and resembled what occurred some time ago in the Luz Stadium in Lisbon, at the end of the Benfica-Vitoria de Setubal game. In both Nazare and Lisbon, the purpose was to create a psychological atmosphere that would hamper the action of the security forces, namely, GNR (Republican National Guard) and PSP (Public Security Police). In fact, the investigations made to date proved that the police forces acted properly and had to confront professional agitators, who used methods suited for the purpose, ranging from wire-cutting pliers for cutting through the protective wire screening preventing access to the soccer field per se to the storage of paving stones to attack the forces of order.

These soccer game incidents have been and continue to be given wide publicity, in misrepresented stories which exaggerate the occurrences, by the news media associated with the democratic and non-democratic left; but these are not unique. Other cases have been noted, with but little press comment, which nevertheless may be part of this campaign and which demonstrate more than sufficiently that terrorism is showing its teeth in Portugal.

## Arrested Terrorists and Seized Weapons

Among the isolated acts detected in the country which may be part of the plans for this destabilizing process, we could cite the well-known example in Martinlongo: Three individuals who are being tried in the Algarve town of Vila Real de Santo Antonio and are accused, after holding up a bank, of having shot down a Republican Guardsman, have been identified as members of the non-democratic left revolutionary movement, Popular Forces of 25 April.

Another example is that of the capture of three Germans in the Guincho area, after a shoot-out with the forces of order. Various weapons and blueprints containing a plan for possible attacks were seized from them.

Also, in Merces (Serra das Minas), there was a recent discovery and arrest of several individuals who had a large amount of war materiel in their possession. The same thing occurred shortly thereafter in Lisbon, where the Italian terrorist, Mastelli, whose extradition had been requested by the authorities of that country, was also captured.

#### Creation of an Emotional Atmosphere and Forgetfulness of Who Created the PI [Intervention Police]

At the same time, we are witnessing the intensification of attacks on the manner in which the GNR is operating in the Agrarian Reform intervention zone, on the part of the leftist news media. This attack, which is not concerned with the truth about the actions, is obvious in the way in which they reported the case of "Monte Sobral" in Viana do Alentejo, unrightfully accusing the legitimate owner, Marco Magna Fernandes, of brutal seizure.

Moreover, and despite this atmosphere of a recurrence of terrorism, the leftist forces are rising up in opposition to the manner in which the Antiterrorist Law was discussed, which some do not hesitate to describe as antidemocratic. But it is not only the leftist forces which have assumed a position against the PSP and the GNR. The PPM [Popular Monarchist Party], a party which is affiliated with AD [Democratic Alliance], through Luis Coimbra's statement, rose up in opposition to the way in which the Intervention Police acted during the incidents at Luz Stadium. The Intervention Police have been attacked in every shape and form, while their critics (mainly from the PC [Communist Party] and PS [Socialist Party]) forget that they were created precisely under the first constitutional government, made up exclusively of members of the Socialist Party, while Dr Jaime Gama was minister of internal administration.

Nothing has been overlooked to create an emotional climate favoring the leftist forces. In connection with the IRA hunger strikers, the Portuguese press, faithfully attuned to the objectives that are being sought, went beyond the entire international press. The start of the hunger strike by members of the PRP [Revolutionary Party of the Proletariat] was scheduled as part of this campaign, by making it coincide with the analysis of the unconstitutionality of a provision in the Code of Civil Process which, besides, had nothing to do with the essence of the matter. In fact, these are terrorists who committed acts of terrorism and who were tried and convicted through the court. But the emotional climate is now such that even the Council of the Revolution allowed itself to be influenced, giving its opinion on coercion; which reveals a lack of firmness in that organ, and a serious precedent for the state's security.

Added to this is the political-labor agitation of the CGTP/IN [General Federation of Portuguese Workers/National Intersindical] and the positions assumed by the Communist Party, calling for the overthrow of the legitimate, democratic AL government; such as the demonstration held last Saturday in Lisbon which, despite all the mobilizing power of INTER and the PC, did not succeed in filling the Rossio [square].

All this goes to show that we are confronting the unattached links of an immense chain, of a coordinated plan for subversion of order and calmness. It is essential that we remain alert, and the ordinary citizen himself, who is not involved, must realize that he is being used, unawares, as in the instance of the soccer match in Nazare.

2909

C80: 3101/96

## PAPER ATTACKS CONTINUED GROWTH OF PUBLIC SECTOR EMPLOYMENT

Copenhagen BERLINGSKE TIDENDE in Danish 27 Jun 81 p 6

[Editorial]

[Text] According to the budget report for 1981 which was just issued by the Finance Ministry's Budget Department, public sector employment will continue to grow despite efforts to contain it. A total of more than 625,000 full-time employees are reported working in the public sector in 1981. Only 4 years ago, the figure was approximately 550,000. That means an increase of 75,000 full-time employees.

There are many explanations for the increase. And, even though the above figures do not include persons who are actually employed under government work projects, they are the direct effect of the trade and employment policies pursued by the government and the coalition parties, making it impossible to carry out a plan to halt or directly reduce the number of public employees.

The least one might expect from this development is that the evergrowing number of employees would guarantee a more dependable and better administration. But that is obviously not the case. The troubled Postal and Telegraph System is not the only example that a growing number of employees provides an ever deteriorating level of service. A look at the headlines the last few days will testify to that. The Labor Commission's vacation legislation office forgets to issue notices of rules changes in computing earned vacation time. The completely innocent ordinary man is the victim. The Copenhagen School of Commerce designs its curriculum in such a manner that up to 80 percent of its students cannot complete their studies. Both society and students are the victims. Tax authorities take legal action against tax payers without knowing for sure that they have the legal basis to do so. The victims are driven from house and home.

The least one might expect from this development is that the evergrowing number of employees would guarantee a more dependable and better administration. But that is obviously not the case. The troubled Postal and Telegraph System is not the only example that a growing number of employees provides an ever deteriorating level of service. A look at the headlines the last few days will testify to that. The Labor Commission's vacation legislation office forgets to issue notices of rules changes in computing earned vacation time. The completely innocent ordinary man is the victim. The Copenhagen School of Commerce designs its curriculum in such a manner that up to 80 percent of its students cannot complete their studies. Both

society and students are the victims. Tax authorities take legal action against tax payers without knowing for sure they have the legal basis to do so. The victims are driven from house and home.

One should never have reason nor be given reason to wage a campaign against the public sector. From time to time there have been efforts to deride public employees solely on the basis of their employment. The public sector can best guard against such efforts by making sure that the systems now in operation, and obviously not lacking in personnel, function dependably and reliably with respect to its users. Any time there is justifiable reason to doubt government decisions, it reflects on the entire public sector.

These days we are investing more than enough in the public sector in Denmark. When economic conditions change, it would be regrettable if the reputation of government activities is so worn that one can no longer talk sensibly about the relationship between state and citizen in Denmark.

8952

CSO: 3106/138



## FACTORS IN FIRST GNP RISE IN 9 MONTHS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Jul 81 p 11

[Article by HO.: "Lambadorff Sees Silver Lining"]

[Text] Bonn, 2 July--In spite of the unsatisfactory labor market development, FRG Minister of Economics Lambadorff sees a silver lining on the horizon of the economic development. According to the most recent report of the situation by the Ministry for Economics, the total economic performance has improved slightly from the fourth quarter of 1980 to the first quarter of 1981. It was the first time in 9 months. To be sure, the gross national product was lower than it was during the same time last year; but as a consequence of special influences, last year's result was unusually high. Whether there will be a continuation of this rather positive development cannot be surmised at the moment. Even the remaining economic indicators were more favorable than had been expected by many. The ministry feels, above all, that important impulses can be traced to foreign demand, which to a large extent is based on exchange-rate relationships between the German mark and the American dollar. But recently even the development in domestic industrial orders has experienced a slight revival. Otherwise, in recent months there has been no further decline in business expectations by many industrial enterprises.

Nevertheless, as far as price trends are concerned, Lambadorff does not yet see any favorable signs. A primary concern for the ministry is the development in import prices which have developed unfavorably as a consequence of the sharply rising dollar exchange rate. The cost of imported goods, which has been rising strongly for about 2 and 1/2 years--initially in the wake of the second oil-price explosion--is also an important reason for the continuing balance-of-payments deficit. On the other hand, a lower exchange rate for the German mark is strengthening the competitiveness of domestic enterprises at home and on world markets. Although April's trade balance showed a big surplus, the ministry is skeptical in determining whether this may be the first sign of a gradual reduction in high balance-of-payments deficits.

8991

CSO: 3103/359

## MEANS SUGGESTED TO SURMOUNT BUDGETARY STRESS

Hamburg DIE ZEIT in German 3 Jul 81 p 1

[Article by Michael Jungblut: "Government Asks for Payment"]

[Text] Ronald Reagan has just been able to pass the hurdle with bravura, but Helmut Schmidt is still facing the challenge: When Bonn's parliamentarians return from their summer vacation, he will have to fight for the adoption of a drastic austerity program. Federal budget expenditures for 1982 must be cut somewhere between 15 and 20 billion marks to prevent an increase in the state debt that will go beyond any reasonable measure or else the citizens will have to bear an even higher burden in taxes and contributions.

Additional borrowing to finance the budget is out of the question. It would only shift problems to the future. The amount needed to service the debt is already limiting the capabilities of the minister of finance to a frightening extent, and we cannot expect the next generation to pay the interest and the interest on interest for today's attitude of go-as-you-please. Otherwise, particularly payments on foreign debts--amounting to billions--can become a heavy burden. Whoever borrows money from the Saudis, must not only look as far as the next election date.

It also applies to all those plans that attempt to circumvent the budget plight through higher taxes or, for instance, an increase in unemployment insurance contributions. For many politicians the temptation is great to solve the problems in this manner. To be sure, taking a bigger share of people's wages is not popular either. But, no doubt, it is easier than a grueling battle with farmers and civil servants, labor unions and industrial lobbies, all of whom want benefits and favors and are represented by interest groups defending their "possessions."

## Red Pencil Better Than Ax

The government and Parliament must be cut off from this escape route under all circumstances. It is useless: Since we have in the meantime entered a phase--yes, some people were even longing for it--where the economy is no longer growing, state expenditures will have to be adapted to less economic output. Necessary corrections in the extravagantly put-together structures of social security must not again be postponed. Subsidies and tax abatement must no longer increase unrestrained. State personnel can no longer increase to the same extent as has been the case to date. The longer the action of an inevitable intervention is postponed, the more drastic it will be, the more severe economic and social damages will be. If, in the end,

only the ax is left to rectify the situation, it might affect the social system in areas that nobody really wants to damage. Thus: The red pencil is better than the ax.

To prevent the budget plight from turning into a financial crisis, two steps are necessary to put state finances on a permanently sound basis:

First, cuts in the 1982 budget must trim expenditures sufficiently to enable the Federal Government to get along with DM 26 billion in new credit--as projected on the medium-term financial plan. Furthermore, some provision should be made for higher public investments.

Second, after solving the current budget problems, an attempt must finally be made to initiate reforms and economy measures in public institutions and enterprises and also the civil service to avoid stumbling into more and more serious financial crises in shorter and shorter intervals. Evidently coalition politicians learned nothing from the plight in 1973 when Helmut Schmidt found himself and his government once before in a situation that was similar to today's.

#### Cuts in Subsidies

The second step cannot be taken before the first one. Because the urgently needed reforms in health care or the German Federal Railways, in labor market and agrarian policies must be carefully thought through; they must be carried out even against strong interest groups. To make sure that the government gains sufficient time to do these things, cuts in the 1982 budget must be deep enough to avoid the threat of another new budget crisis next year.

Consequently, the government should make the president of the Federation of Chambers of German Industry and Commerce stick to his word. Otto Wolff von Amerongen offered a general cut in all subsidies to avoid sharing the blame for a "possible state bankruptcy." It may be considered naive and unfeasible in this form because of its overall application. Nevertheless, a 10-percent cut in subsidies and tax-abatement programs (as was done in Switzerland) would create savings or additional revenues of approximately DM 4 billion. Furthermore, the Federation of Chambers of German Industry and Commerce has to date been the only interest group that has not attacked the efforts from all sides but promised cooperation.

The government must not turn down the offer of cooperation. The chancellor made this mistake once before when he rudely rejected an offer of restricting support for savers made by Ludwig Poullain, the then president of the Association for Saver Protection. If this more or less senseless subsidy had been abolished at that time, the Federal Government would now have an additional DM 7 billion in its treasury.

The Federal Institute for Labor could save DM 1.7 billion if it would manage more efficiently, even without restricting benefits that have been promised by law. Supposedly it was uncovered by the Federal Accounting Office, but allegedly the findings have not yet been presented to the Federal Institute in Nuernberg. Additional billions could be saved if unemployed persons had to pay taxes just like employed people who earn the same annual income or if unemployment benefits were figured differently from the past in cases where wives work with their husbands, in

their own companies on a seasonal basis. Much money could be saved if wage subsidies were canceled in cases where companies hire unemployed people without vocational training. Rarely does this lead to genuine permanent employment. Most of the unemployed would also be hired without the subsidy. And there are many similar "effects of taking advantage of programs" in many areas.

Also, there is absolutely no reason why the state pays the accident and old age insurance for farmers. Other self-employed people have to pay for it themselves. This is another area where billions can be saved.

A thorough check into the allowances in public service--a total of 450--will lead to the realization that most of them are not justified. A similar situation exists when it comes to numerous flat tax rates for some professions such as deputies, scientists or journalists that can be applied without proof of workrelated expenditures. Please, whoever has expenses should document them.

### Fight Among Fractions

Opportunities for deductions that are granted to people who build their own homes really are of no help to anybody (particularly not to those people who need it least), but they cost the state DM 4 billion annually. If taxfree Christmas allowances were abolished--the reason for them is mostly sentimental and not rational--and additional DM 3.7 billion would land in the state treasury. If physicians had to pay turnover taxes, like other self-employed people do, DM 2.7 billion could be raised.

These are only a few examples that show how the elimination of subsidies and tax advantages could quickly balance the state finances--altogether, the measures mentioned above would generate savings of approximately DM 1.8 billion. Work groups established by the SPD and the FDP have also prepared similar lists. Nevertheless, they are supposed to remain locked up until the end of July to keep affected interest groups from preparing their attacks. It will be difficult enough anyway to prepare a coalition paper and eventually a government proposal from these two lists. Naturally, both parties would like to protect their own groups of voters as much as possible. Consequently, a difficult battle lies ahead within the fractions, between the parties and with interest groups. But the government and above all the chancellor must remain firm.

After the operation is finished, however, consideration must finally be given to figuring out how public finances and the economy can recuperate in a way that will last. The 1980's, like the 1970's, must be years of reforms--this time, however, they must not be reforms that cost money but reforms that will improve our productivity. If, after all, we do no longer have economic growth, health care, federal and state agencies must be organized in such a manner that they can provide better service for less money.

In the public domain it may be considered a miracle. In the private economy it is simply called efficiency.

8991

CSO: 3103/359



## FARMERS ASSOCIATION AGAINST SUBSIDY CUTS IN BUDGET

Munich SUEDEDEUTSCHE ZEITUNG in German 23 Jun 81 p 17

[Article by hen: "Farmers Do Not Want To Contribute to Balanced Budget"]

[Text] Bonn--Constantin Freiherr von Heereman, president of the German Farmers Association, feels that the existence of hundreds of thousands of small family farms is threatened against the background of the announced economy measures by the Federal Government. In the presence of journalists in Bonn, Heereman opposed all measures that amount to further absolute cuts in agricultural expenditures. Instead Heereman supported a cut in investment subsidies in agricultural surplus areas while simultaneously shifting the released funds to the agrarian-social domain.

Approximately 1 week before the beginning of the 1981 German Farmers Day in Trier, the president of the German Farmers Association (DBV) left no doubt about the fact that German farmers will offer massive resistance to all attempts by the FRG minister of finance to include also food producers in the attempt to balance the federal budget. In Heereman's opinion, German farmers have in recent years contributed much more to growth and price stability in the FRG than any other group of society. Consequently, farmers now expect other groups also to show their willingness to sacrifice by participating in the effort to achieve a balanced budget. A profession such as that of family farmers, which, since the middle of the 1970's has experienced a decline in real income of approximately 30 percent, cannot be expected to suffer even more without risking the disappearance of the final remnants of confidence in Bonn's and Brussels' agrarian policies.

'Increase of Pretax Rates'

In this connection Heereman called attention to the election promises of agrarian politicians, according to which pretax rates applying to farmers were to be increased by 1 percent during the course of 1981, reflecting the increase in the volume of production. Since this promise had not yet been fulfilled, farmers had overpaid approximately DM 1.7 billion in turnover taxes. In Heereman's words: "Consequently we will have to figure out a way to put more pressure into our claim." In the meantime the Schleswig-Holstein Farmers Association, which is pursuing a particularly aggressive association policy, has already asked its members to take



part in a statewide tractor demonstration this Friday against--as it is called-- "Bonn's delaying tactic" in the pretax question. The increase in the pretax rate by one percentage point would cost approximately DM 600 million annually. In view of the apparent reluctance by the FRG minister of finance to increase the rate by 1 January 1982, agricultural circles have already come up with a proposal to cover the expenses: To make consumers carry a part of the responsibility of the distressed farming community, the Federal Government should increase the value-added tax on food from the present 6.5 to 7 percent.

#### Look Abroad

According to Heereman's presentation, the German Farmers Association will not accept any future policies either that put pressure on producer prices. Whereas responsible FRG politicians were limiting their present discussions on agrarian reforms to arguments which always ended up with the slogan "more markets," other EC governments "always came up with ideas" that could help their agricultures in times of cost squeezes. According to Heereman, these governments had clearly recognized that agrarian policies must reflect long-term goals and not be governed by short-term considerations. Consequently, other EC countries did not follow the motto "growth or retreat" in agrarian structure policies and open the gates to an unsocial, partially ruinous competition among family-farm enterprises, attempting to displace one another. "It is important that this dangerous development is curbed with an appropriate policy," Heereman said. "In the process it may also be possible to save money."

8991

CS9: 3103/354

## RECUPERATION OF CRITICAL METALS FROM SCRAP DESCRIBED

Paris L'USINE NOUVELLE in French Jul 81 p 11

[Article by Jean Roume: "Cofrinox Recycles 'Critical Metals'"]

[Text] Among the many ways of reducing our dependence on metals used in alloys is recycling. A practically virgin field in which Cofrinox has decided to invest.

Most metals used in making alloys of fine and special steel are classified as "critical metals" by the Economy of Raw Materials division of the Agency for Energy Economy. Chrome, cobalt, molybdenum, tungsten, and vanadium are metals which are indispensable for several advanced technical industries and are produced little, if at all, in our country. In addition, our supplies are dependent upon monopolies (molybdenum, cobalt) or upon "politically sensitive" countries (USSR, China). Only nickel is not on this list because of our reserves in New Caledonia.

In order to reduce this dependence, various ways are being simultaneously explored: the use of substitute materials, new metallurgical processes, reduction in usage, and salvage of alloy scrap (containing more than 20 percent special metals).

There is still much to be done in the field of salvaging, especially in France. This is what the French Scrap Company [FSC] and the German specialists Eisenlegierungen GmbH thought when they formed Cofrinox this month. FSC (51 percent of the capital) contributes its national network of collection of scrap metal and the German associate (49 percent) its know-how and number one European and number three world ranking in the areas of salvage and trade of alloy scrap.

Georges Pichon, an official of the new company, precisely weighed the scope of the gamble which they have undertaken. "There are no usable statistics in the field of alloy scrap. No one knows the size of collectable scrap in France or in Europe, especially of stainless steel scrap, and everyone hesitates to invest; for example, dealers in the sorting and processing aspects and steelworks in equipment adapted to the recycling of commercial scrap."

There are approximations, however. In order for dealers to break even, they must sell between 20,000 and 35,000 tons of mixed scrap per month to EEC factories or from the demolition of discarded objects. France's share is from 5,000 to 6,000 tons per month and could be improved. But this does not include the waste in steel

plants which is immediately recycled (between 22 and 30 percent of the tonnage of ingots produced in steel plants not having continuous casting machines). Nor does it include the direct restitution of industrialists' production scraps to their suppliers of steel products: approximately 10,000 tons per month in Europe with most of that in France, due to a longstanding commercial custom in our country.

But these figures do not exhaust the many poorly understood facets of recycling alloy scrap. "This product," said Georges Pichon, "is collected on a large scale in the United States but its value is underrated. American salvagers are not inclined to give maximum values by gradation or metal, because many of their specialized steel producers do not want to use recycled products. This is one aspect of a wasteful civilization. As a result, much alloy scrap remains available for export at prices which have been attractive the last few years. The United States presently exports 80,000 to 100,000 tons per year, mostly to Europe. France has imported quite a bit the last 4 of 5 years, particularly stainless and high-speed steel scrap."

The import of these products has approximately doubled in volume (from 8,500 to 13,900 tons) and tripled in value (from 26 to 70 million francs) from 1979 to 1980. Recently, however, interested parties have said that local recycling of waste now underway and the overvaluation of the dollar compared to European currency has tended to slow this movement.

#### A Reasonable Bet

Georges Pichon reviewed all the factors that could influence the recycling of metals used in alloys and concluded that the establishment of Cofrinox is a reasonable bet, based on the development of demand by European steelmakers. "American producers of special steel will one day be more open to recycling their national resources. The new stainless steel factories which are opening in the Far East (South Korea and Thailand) will be wanting to import the American scrap in competition with Europe. Finally, the selling price of new alloy metals, principally nickel, will not remain indefinitely lower than their cost price. All this should lead to a better appreciation by European steelmakers of the additional amounts of rare and special metals which recycling can bring them." On the condition, nevertheless, that the recycler has the necessary means and technical qualifications to discuss this thoroughly with his steelmaking clients.

Cofrinox's first investments will be in manpower and equipment which is not usually found at a scrap dealer, such as mass spectrographs. "No batch of alloy scrap," emphasized Georges Pichon, "will go out of our plant without a written analysis."

9720

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## OZAL DISCUSSES KUWAIT TRIP, TAX, EXPORTS

Istanbul TERCUMAN in Turkish 4 Jun 81 pp 1, 9

[Text] Deputy Prime Minister Turgut Ozal made a statement to a TERCUMAN correspondent in connection with his trip to Kuwait.

Calling the Kuwait trip "a trip that opened the doors," Ozal stated that "this is the first time that someone from the prime minister's office has gone to Kuwait and, in this manner, important strides will be taken in bilateral relations." He said:

"The main reason for our trip to Kuwait is, essentially, to take steps in the development of our bilateral agreements. This will also be the first time that a top level government official has gone to Kuwait; at the Prime Ministry level. They place a great deal of importance on this [in Kuwait], too. Of course, these talks will be the beginning of similar relations; more frequent visits will be made in the future and will in all likelihood secure assistance for joint projects or other projects.

Certain businessmen are going along with us--we are not turning anyone away--they are welcome to come, at their own expense, of course. We will facilitate the work of our businessmen there relevant to joint projects.

## A Trip That Opened the Doors

Noting that "in addition to Kuwait, the other Gulf states in the area will also be visited successively," Ozal spoke to the effect that "These trips will not focus on foreign credit possibilities. We do not have a foreign credit problem this year anyway. However, the ties of future years can perhaps be taken up on this trip. This is a trip that opened the doors."

## Interest on Deposits

Deputy Prime Minister Turgut Ozal answered the TERCUMAN correspondent's question "You stated that the interest on credit would fall as a result of the balance of supply and demand; how will this be reflected in the interest on deposits?" as follows:

"In time, interest rates will fall as a result of the supply/demand equilibrium which will come about in the marketplace. This will be reflected in interest on deposits a little later. I cannot give a timetable for this--it is a matter of supply and demand. This is a subject which the economy will regulate entirely on its own. First, interest on credit will fall."

#### Added Value Tax

Deputy Prime Minister Ozal spoke as follows on the subject of Turkey's full membership in the European Economic Community:

"Under the present conditions, we will merely inform the EEC of our intent to achieve full membership. Even if we apply to the EEC for full membership, our application would not be accepted just now, given present conditions. As you know, a parliamentary regime is essential there."

Stating that "preparations for the added value tax are more relevant to the common market," Ozal said "the added value tax will probably pass, but implementing it will come later. This whole tax implementation will be completed with the added value tax."

Ozal answered the question of whether or not Turkey will have a petroleum shortage due to the approaching agricultural harvest season as follows:

"We do not have a problem in the matter of our petroleum connections in 1981. In fact, I can say that we do not have any problem whatsoever." Touching on the "Law for Protecting the Value of the Turkish Currency" in the last section of his statement, Ozal completed his remarks as follows:

"It is essential not to rush things in those matters. Changing the regulations for protecting Turkish currency is not an easy thing to do. We are working on it. This is in some small measure a matter of time. We will do things step by step."

A delegation composed of officials of the Ministries of Foreign Affairs and Finance, as well as of the State Planning Organization and the Central Bank, left yesterday at 1230 by plane for Bahrain, accompanied by Deputy Prime Minister Turgut Ozal.

In a statement at Esenboga Airport, Ozal announced that he would move on to Kuwait after staying in Bahrain for 2 days, and that he would probably go to Saudi Arabia and the Arab Emirates later. Stating that this travel was of the nature of "a first trip," Ozal noted that Turkey's export-import connections with the Middle Eastern countries, as well as North Africa and Libya had expanded greatly. Ozal said, "I expect our exports to the Moslem countries of \$600 million to increase to \$1.5 billion this year. This trip will be the beginning of the development of our commercial relations."

Drawing attention to the great expansion in our commercial relations with Libya, Ozal said that our contractors have bid on close to \$6 billion worth of contracts, and that they expect this figure to rise to \$10 billion within a year. Ozal added that there are large financial establishments in Kuwait, and that the entrance of foreign capital into Turkey would be encouraged during the trip.



## COURSE OF IMF TALKS CHARTED

Istanbul CUMHURİYET in Turkish 4 Jun 81 pp 1, 7

[Text] In modern words, the old expression "nakarat" means "words that are repeated ad nauseam." "Nakarat" is probably the word that best summarizes the talks now being conducted in Ankara with the IMF delegation: "Nakarat" from the standpoint of the measures which have been proposed and whose adoption is desired. But the fact that the IMF is still putting the old familiar proposals on the agenda does not in any way indicate that the "nakarat" is insignificant. In the "March 1981" report on Turkey published by the OECD [Organization for Economic Cooperation and Development], the past year is reviewed and expectations for 1981 are voiced. In 1980, the balance of payments deficit stood at \$3.128 billion. Again last year, \$2.9 [as printed] worth of exports were counterbalanced by \$3.5 billion for petroleum imports alone. In other words, the total income from exports was only--I repeat only--able to cover 83 percent of petroleum imports. The anticipated petroleum imports for 1981 are \$4.3 billion. Exports are \$3.8 billion. So this year, there is little improvement; the total exports income will only cover 88 percent of the cost of petroleum. As for the remaining import products, attempts are being made to cover these from other sources. A balance of payments deficit of \$3.5 billion is anticipated for this year.

Now given these figures the IMF delegation in Ankara is saying: "Your entire exports still are not even enough to cover your petroleum imports, not to mention your being able to buy other products. So you will have to take certain measures."

What are these measures?

First, we have to increase exports. In order to accomplish this, exports have to become profitable. To make exports profitable, the competitive strength of our products has to be increased. And for this to be accomplished, the exchange rate policy has to be reexamined; in other words, the value of today's Turkish lira has to be reexamined vis-a-vis the dollar. What answer could be given to this? Isn't the value of the Turkish lira announced every day anyway? Yes, it is. Then what other exchange policy is there? This is the answer of the IMF: "The value of the Turkish lira, which is announced daily, has to be reexamined carefully." In other words, just the old familiar IMF proposal.

Okay, what other measure can be taken to meet the cost of petroleum purchases? That touches on another old, familiar solution: Price policy.

An interesting aspect of the problem is that the methods for revitalizing the economy and overcoming the slump in Turkey have not yet been talked about very much by the IMF. There is no discussion of how to increase production. But doesn't the IMF know that exports cannot increase unless production increases? No matter what exchange policy is implemented, foreign exchange income will not increase as long as there is no production, no products to sell. No, these points are still not being debated. The topic on the agenda is the traditional IMF "nakarat."

Aside from the proposals, the significance of the ongoing talks centers this time on this point: The first year of a 3-year agreement has been completed. Both the IMF administration in Washington and the other countries are looking with interest at the 3-year program, the likes of which have been proposed to very few member countries. They are awaiting the results of the first year with interest. The question of what additional measures are necessary at the end of the first year for continuation of the program is seen as the subject for a different debate. As a result, the Ankara talks are arousing interest as an example for the world.

Secondly, there is a very practical, very concrete reason from the viewpoint of Turkey. The balance of payments deficit predicted for the year 1981 is close to \$2 billion. Approximately \$1 billion of this amount was covered with help secured from the OECD last month. This leaves another \$1 billion. The crux of the matter is: Where can this billion dollars be found? And the international banks come to mind. There are also the "expectations from the trip to the Gulf states" which Deputy Prime Minister Turgut Ozal will begin tomorrow. When the "petroleum plus credit" to be obtained from the Gulf visit and from the international banks are added, the balance of payments problem for 1981 is solved.

However, just at this point, the IMF gets into the game again, in a round-about way. The IMF's famous "green light" has to be given: not for the Gulf states, but for the international banks. And this is tied to the Ankara talks, because there are no further important meetings with the IMF this year. Positive results must be obtained from the current talks, in order to give visits to the international banks the potential for success.

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CSO: 4654/6

## SUPREME ARBITRATION COUNCIL SETS FORTH NEW GUIDELINES

Istanbul CUMHURİYET in Turkish 3 Jun 81 pp 1, 7

[Text] Supreme Arbitration Council [SAC] head Naci Varlik announced that the council has adopted new guidelines for resolving problems that have arisen in the course of work on the expired collective work agreements.

In a statement he made to CUMHURİYET, SAC head Naci Varlik said: "In the event the collective work agreements for a branch of industry and a work-site expire on the same day, our council has adopted the principle that the union put into effect the collective work agreements of the branch of industry." Varlik said that the question has arisen during work on the collective work agreements which have expired in the PTT [Post, Telephone and Telegraph Administration].

Naci Varlik gave this response to a question on the subject of "jurisdictional conflicts among the unions":

"Law No 2364 has solved this in its article on this subject. According to this article, the side [representing] the old collective agreements is also admitted as a party to the collective agreement reimplementation phase. A new principle was adopted for a number of problems of jurisdiction arising in implementation. Up to now, our council has not received a case dealing with jurisdiction whereby a union in such a situation brings forth its credentials at 1700 on the evening of the date for the signing of the collective agreement renewal. We have not made such an application. However, the council has drawn up guidelines on this subject also.

Following adoption of the guidelines for settling the question of jurisdiction, Arbitration Council head Naci Varlik said that "there should not be a problem concerning the payment of dues by union members in the collective agreements which have been reimplemented." He said that a number of complaints had come to him regarding the failure to communicate the text of the reimplemented collective labor agreements to the workers. Varlik said the following on this subject:

"In the event the texts of the collective work agreements which our council puts into effect do not reach the workers, it is our workers' natural right to appeal to their regional labor directorship. The collective work agreements which our

council has put back into effect are sent to the Ministry of Labor and the regional labor directorships. In the agreements which we put into effect, there is a requirement that the agreement texts be posted in a suitable place at the work-site for a period of 30 days. I will communicate with the Ministry of Labor in this regard to request that a notice on this subject be circulated.

Stating that problems in the PTT had been solved in line with the approved principles, Naci Varlik said that following completion of work on the Turk-Is [Turkish Confederation of Labor] affiliated DYP-Is [Federation of Turkish Railway Workers Unions] collective labor agreement, the matter would be examined. Stating that he understands the problems of the PTT workers, who have been waiting for the past 22 months for the collective work agreements to be signed, Varlik spoke to the effect that "our council continues to work intensively. All the members of our council are in agreement with one another. We do not want anyone struggling during difficult economic conditions under the provisions of the old collective agreement."

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CSO: 4654/6

## NEW 'INDEPENDENT SPD' GROUP TO ALIGN WITH 'GREENS'

Vienna WIENER ZEITUNG in German 9 Jul 81 p 3

[Report: "Schism in SPD--'Independent Social Democrats' Group Being Formed"]

[Text] Wiesbaden (DPA)--Several dissatisfied members of the German Social Democratic Party (SPD) have quit the party in the Land of Hesse and have banded together in a group called "Independent Social Democrats."

The association is to be founded officially in Frankfurt in late August and plans to run in a joint list with the "Greens" in the 1982 Landtag election, according to what its spokesman, Hartmut Steinbach, said Wednesday [8 July] in response to an inquiry. Steinbach himself has left the SPD after having been a member for 20 years.

According to him, the decision to found the "Independent Social Democrats" was reached in late June after the special Hesse SPD congress at which the Social Democrats approved the controversial transport and energy policy of Minister-President Holger Boerner and almost to a man voiced their confidence in him. In an 11-page appeal for the establishment of the "Independent Social Democrats," the eight signatories of the Hesse SPD, among other things, charge "shortsighted tactics and internal fossilization."

The "mistaken and disastrous" policy of the Land government and the SPD, they assert, are rendering "entirely illusory" any hope of attaining any changes with an unchanged membership and through cooperation within the party.

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## SPD DILEMMA OVER OSTPOLITIK, ECOLOGY

Munich SUEDEUTSCHE ZEITUNG in German 22 Jun 81 p 4

[Article by Robert Leicht: "Strategic Dilemma of SPD"]

[Text] A coincidence of political dates was responsible for the fact that last weekend the SPD suddenly found itself and all its controversies in the limelight. At any rate, in Hamburg a Social Democratic head of government had failed because he was no longer able to carry out an ecologically oriented policy, whereas in Hesse--at the same time--another Social Democratic minister president had to defend himself against ecological criticism of his plans. Eventually both Land associations made majority decisions; however, these votes definitely were only of arithmetic significance and had no political meaning.

Klaus von Dohnanyi may be the optimal candidate for Hamburg. Nevertheless, nobody should believe that the internal split within the Hamburg SPD into two absurdly hostile camps had somehow been ironed out. Holger Boerner may have secured for himself an adequate vote of confidence; furthermore, it was strengthened even more through statements of support for the coalition agreement and the Land government. Nevertheless, Hesse's SPD would deceive itself if it were to assume that all those who voted for Boerner were actually supporting his policies as well.

A description of the pathology of the party could be added to these conflicts. But even the well-known attempt at explaining the situation by saying that the SPD was suffering from interpretation difficulties following the rebellion by the extra-parliamentary opposition has become old by now. Perhaps this interpretation still applies to the polarization in language and manners; as far as the real problem is concerned it is definitely misleading, because the strategic dilemma of the SPD is ignored.

Because this strategic calamity has been ignored during the two most recent attempts at dealing with the crisis, all the efforts to settle things have so far had only cosmetic significance. In reality a hard but elementary fact must be accepted as a basis: In spite of all the talk about the people's party, the SPD can only be and remain capable of governing (and this applies also to the party as a coalition partner), is it is able to add at least 7 percent from among the marginal voters to its regular voters.

Toward the end of the 1960's it was relatively easy for the party to accomplish this. It was time for a change anyway; furthermore, ostpolitik and policies concerning

Germany were becoming a volatile topic. Those marginal voters who could be won with the new ostpolitik did not create a serious conflict for the regular SPD voters, the labor class; on the contrary, the labor unions were in favor of an expansion in East trade as well.

But what about today, where is the SPD to find the marginal voters it needs to survive? Looking for them in the bourgeois camp, against a bourgeois opposition party--as was demonstrated by the most recent Bundestag election--only fattens the FDP. On the other hand, if it looks for them within the left spectrum of ecological critics of the traditional growth society, it will, naturally, enter into conflict with its regular voters, the blue-collar workers--after all, to date employers and employees have been united when it comes to supporting the growth ideology.

This conflict may be painful, but the price of ignoring it would be suicide. Anyway, even if the SPD wanted to do without the ecologically oriented voters, the fact that they exist would not be eliminated. The attempt to wipe out ecological criticism--something which has been tried again and again during party rallies--by catering to the working class would be wrong on two accounts. First of all, on a short-term basis it would not lead to peace. And second: How would the SPD be viewed by the working class if, some day, it became apparent that a rigid fixation on growth concepts had been undermined by multiple crises, and reforms that had been ardently promised had not been carried out but actually denied?

All these things do not imply that the SPD should gallantly go after all "Green" and alternative persons or dropouts and those who deny reality. But if the SPD does not take part in the critical dialog, its potential marginal voters will join the "Greens." The first prerequisite for this dialog, however, is the willingness by the SPD to go beyond its narrow attitude with respect to its regular voters and to lead its wing of blue-collar workers away from traditional concepts to meet those challenges which reflect a revision of its own views of the world.

On the other hand, the wing of growth critics within the SPD should not entertain the illusion that--some day when the pressures of governmental responsibilities have been dissolved--they can "march through" the party from within (and win), which is a reason why even today they do not feel a real need to enter into serious discussions with the "right wing." The reformist wing cannot flourish without convincing the center anymore than the traditional SPD can get along without marginal voters. The underdogs have always found a faint consolation in the hope that the continuation of the general crisis will some day prove them right anyway. Nevertheless, the question remains whether it is not too late for the SPD to begin this mutual learning process and remove the ugly consequences of this neglect--see Hamburg, see Hesse. See Bonn?

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## WEIZSAECKER OUTLINES HOUSING, ECONOMIC, ENERGY POLICIES

Duesseldorf HANDELSBLATT in German 3/4 Jul 81 p 5

[Report by "as": "Weizsaecker Outlines Future Policy"]

[Text] Berlin, 2 July--Exactly 3 weeks after his election, the new governing mayor of Berlin, Richard von Weizsaecker, on Thursday [2 July] expounded the future policies of his minority Senat before the Berlin Chamber of Deputies. As expected, the emphasis in the government declaration, summarized in 10 points, is on housing policy as well as urban development, transport and environment.

Weizsaecker stressed the fact that the Senat would challenge the expectations connected with the political change in the city. The majority conditions in parliament (the CDU is two votes short of an absolute majority) will cause the Senat to pursue to a special extent an open policy of consensus beyond the confines of the parties represented in parliament. While this was not a comfortable thing to do, it had a big chance in the special situation in which the city was finding itself.

Weizsaecker pointed out emphatically that the CDU Senat headed by him would adhere to the rent level commitment until 1990 voted unanimously by the Chamber of Deputies on 9 April of this year. The coming years were, however, to be used to create a transition to a social rent law. Thus, for example, the rent ceiling is not to apply to new leases contracted on or after 1 January 1983. Weizsaecker thinks people can afford, and be expected to pay in the future, up to one-quarter of their income for housing, because apartments cannot be had for nothing.

If only because of the tight budget situation, the Senat intends to exercise greater restraint in modernization.

On the problem of squatters, Weizsaecker declared that it was the aim of the Senat not to cure symptoms but to eliminate the cause of these illegal occupations. The governing mayor gave assurances that no building would be vacated simply for the sake of vacating it, but wherever there existed a plan of utilization which could be implemented immediately there was no justification for allowing illegal squatting to continue.

Finally it would be vitally important again to increase substantially the figures in publicly promoted housing which had been drastically reduced since 1976. Thus a total of 50,000 apartments are to be newly created by 1985, with ownership measures being promoted to an increased extent at the same time. On the other hand, public

high rise construction is to be reduced substantially, and the IBA concept is to be revised with a view to economies.

Economies are the only way Weizsaecker sees to enable one to cope with Berlin's difficult financial situation (what with fiscal planning from 1980 to 1984 showing a financial gap of more than DM 2 billion).

In economic policy (as, incidentally, in all other areas) the main emphasis is on taking action oneself. As regards Berlin promotion, Weizsaecker is adhering to long-term accountability, because this is crucial for investment decisions.

Berlin's special situation in energy is to be overcome through a supraregional gas and power grid. Furthermore the Senat intends to do everything possible to make the Reuter-West power plant operational by 1985-1986. Moreover the Senat plans to make an effort for Berlin to obtain a natural gas connection and immediately to see to it that test drilling for natural gas storage is conducted.

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## RALLIS ADDRESSES NEW DEMOCRACY PARTY CONGRESS

Athens ELEVTHEROS KOSMOS in Greek 28 Jun 81 pp 6, 10

[Text] The full text of the speech delivered before the extraordinary New Democracy Party Congress by the party's leader, Premier G. Rallis, is as follows:

"Ladies and gentlemen delegates, this is the most important congress our party has held in the past 3 years because you will be asked to debate and approve the party's platform which we will implement as a government during the next 4 years-- a platform on which we will base our appeal for renewal of the popular mandate in the coming elections. Rest assured that the electorate will again entrust us with governing the country.

"But this congress is also important because we are the only party which, faithful to the democratic principles, has prepared and is submitting the platform to the delegates elected by the grass-roots, the policy, that is, we shall implement as government following the next elections. Much is said by many in this country about democracy. But our opponents who are monotonously harping on the same thing have not dared to do what we today are doing: to put in practice, that is, this very democracy which they are exploiting so much through sloganeering. They do not dare do so because they are afraid that such a procedure would reveal the fiendish controversies and unbridgeable dissensions existing in their very party. They cannot hide their ideological discord and their inability to chart a policy acceptable by all factions in the party.

"[Ladies and] gentlemen delegates, the New Democracy Party takes pride in the fact that it has stabilized and buttressed democracy in a short period of time since November, 1974, when under the leadership of its founder [Karamanlis] it was given the mandate by the Greek people to restore normalcy in the country. Equally important to the evolution of Greek political life was the decision [of Karamanlis] to organize New Democracy as a party of principle and not as a personal party as was the standard tradition of the Greek political parties and as it still continues to be until now for some parties. It is now 7 years since our party was founded and we should be proud because in this relatively short period we have organized 14 Panhellenic and regional congresses; we enunciated our party's ideological principles lucidly without ambiguities and deliberate confusion as our opponents are doing; and we have chosen the party's new leadership through democratic procedures.



## There Were Differences

"After the election of [our party's] leadership, our opponents did not cease to predict splits into two or more factions, clashes, conflicts. The facts, however, have belied their summer dreams. With understanding, unity and harmonious cooperation we are proceeding toward the fall elections with the assurance that we shall again be victorious. Of course, we have and we shall have differences. Besides, such is the case in all true democratic parties. We have proved, however, that we are as much true to the democratic principles when everyone is free to express and support his views as we are to the other principles of democracy, respecting, that is, the majority's views.

"Our opponents do not practice their basic democratic principles because decisions [in their party] are imposed from above, just as in monarchies, by the grace of God. But even when they exercised their parliamentary duties they often proved that they are unable to understand that in a properly functioning democracy the minority must conform with the majority's decision. Unfortunately, I must point out at this point that on many occasions the opposition relayed this mentality to the people by inciting groups of citizens to set themselves against the laws and resolutions of the state.

"During the past 7 years we built not only the best democracy the country has ever known; we forestalled a civil strife which would lead us to national ruin--strife which was ready to break out the moment the dictatorship fell. We avoided a near war without sacrificing our national dignity and we forestalled the collapse of a tottering economy. Finally, we restored Greece's international prestige and established excellent relations with the East and West.

"Our achievements in the past 7 years have been tremendous and it is exactly these achievements that the Greek people will appreciate along with our new platform before casting their vote.

"In the area of foreign policy our relations with Turkey had reached an explosive point during the dictatorship, our ties with EEC were 'frozen,' Greece was expelled from the Council of Europe and our relations with the eastern bloc were almost nonexistent.

"Our first and major concern was to get the country out of international isolation. Within a short time we rejoined the Council of Europe with honors, we initiated the negotiations which finally led to our full membership in the Common Market and we restored excellent relations with the eastern countries and especially our Balkan neighbors. Finally, we avoided war with Turkey without any national concessions and we started a dialogue which we hope, if the other side also shows the same good will as we do, will lead to an understanding for a solution of our disputes, a solution which will also have a favorable impact on the inter-Cypriot dialogue. I should also mention that we have rejoined the NATO military wing thus ensuring our defense and that we have reached an agreement with the United States to reconsider [agreement on] the status of the bases which has been in force since 1953 and whose terms, we believe, should be amended as to be more profitable for our country.

## Question of Bases

"The negotiations on the bases did not lead to a final agreement because, despite the meeting of minds to a large degree, there were unsettled differences and because the time available before the Chamber of Deputies recessed was short and did not allow, had we reached an agreement, for debate and ratification. It is our intention, however, to pursue the matter after the elections and to bring about a favorable conclusion because we believe that these bases are in the interest of the Atlantic Alliance and in the interest of our national defense as well.

"Our policy is similar to that followed by the political parties of democratic Europe whether conservative, socialist or liberal. This fact was demonstratively confirmed by Mitterand, the new president of the French Republic and by his foreign minister. Our line in foreign policy is now and will be in the future similar to the one the new French government promulgated. It is diametrically opposite to the policy PASOK has proclaimed so many times and which it now tries, in view of the forthcoming election, to camouflage so clumsily.

"Our policy, just as that of Mitterand's party and other noncommunist parties in the West, is: Stay in EEC, stay in NATO, maintain good relations with the eastern bloc.

## Anti-Americanism and Dangers

"The position of the major opposition PASOK is: Stay out of EEC or with the least, fourth or fifth retrenchment in a special relation with EEC without, however, defining what exactly this means; stay out of NATO and terminate the dialogue with Turkey, an action which could possibly lead to relapses similar to those of July, 1974, or May, 1976.

"But have our opponents thought where such a presumably nonaligned policy could lead us? Can't they understand that such a march into the unknown will end with our participation in blocs with completely different ideological beliefs? I believe that they well know the dangers such a foreign policy entails. But in order to exploit the anti-Americanism they themselves have cultivated for many years in the past, they do not hesitate to play their game which is very dangerous to the country.

"It is imperative, ladies and gentlemen delegates, to explain to the Greek people where this PASOK foreign policy will lead us. It is necessary and, perhaps, it is one of our most important duties to make the Greek people understand during this election campaign that this foreign policy--which, I repeat, is different from that of Schmidt, of the Belgian, Spanish, Italian, Portuguese socialists and especially of Mitterand--if implemented will change and completely upset our life, because one should never forget that the democratic state of the type which the Greeks desire has no place in the nonaligned countries and that the eastern bloc regimes have nothing in common with our type of government. If the Greek people approve this type of 'change' Panandreu is preparing then it is their right to approve it with their ballot next fall.

"Compared to this proposed fateful 'change,' our own change has already been accomplished. It is the change that brought Greece out of isolation and from the verge of national catastrophe and led it into EEC as its tenth fully fledged member. Our change has assured the defense of the country and developed an army completely organized, trained and equipped with excellent morale; an army which guarantees the national integrity and is the pride of all Greeks; an army whose excellent esprit has been loudly acclaimed by our opponents despite the fact that their party was declaring only 2 years ago that 'the armed forces is the means of imposing the laws and is using force to buttress and maintain the bourgeoisie.'

#### Economic Situation

"In the economic and social sectors the main objective of the New Democracy governments was to achieve a satisfactory rate of development and to improve the standard of living of the Greek people and, especially, to increase to satisfactory levels the income of workers, wage and salary earners, pensioners and farmers.

"The outcome of the economic policy we implemented was significant as proved by the development of the basic economic volumes during the 1975-1980 6-year period and this, moreover, despite the adverse impact of the international economic configuration, the successive energy and monetary crises, and the need to adjust the Greek economy to the Common Market realities and particularly as they concerned the cultural sector.

"Despite the negative impact of these factors, the gross national product increased during the 1975-1980 6-year period at an average annual rate of 4.6 percent compared to the EEC rate of 2.3 percent. In other words, we doubled the growth rate of our national product compared to the EEC countries.

"Maintaining the development rate at relatively high levels helped to increase employment considerably. Thus, during the whole 1975-80 period the percentage unemployment in our country did not exceed 3 percent--despite the accelerated repatriation of Greek emigrants abroad--while in most EEC countries unemployment moved between 5 and 10 percent. Undoubtedly, this constitutes an internationally recognized achievement of the New Democracy governments.

"It should be pointed out that the government had to choose between a relatively high rate of development which would assure conditions of full employment or a stagnancy which would limit inflation but would lead to extended unemployment. Between the two the government chose the first because it realized that in a democratic society unemployment creates extremely serious problems for the citizens through controlled inflation.

"During the 1975-80 period our exports increased at an average annual rate of about 23 percent and contributed significantly to the increase of the gross national product as well as to the improvement of the current trade balance whose deficit, as a percentage of the gross national product, dropped from about 6 percent in 1974 to 3 percent in 1978.



"The second energy crisis more than doubled the country's foreign exchange cost. As a result, the deficit of the current trade balance increased to 4.7 percent (as a percentage of the gross national product) in 1979 and to 5.3 percent in 1980.

"The government exerted special efforts to cope with the problems of two large classes of the Greek population: the farmers and wage and salary earners. The real labor remuneration increased considerably during 1975-80. In industry especially, the real hourly remuneration of labor increased by 52 percent, faster, that is, than the increase in the domestic gross product in standard prices. It is estimated that during the same period it increased by 29 percent.

"The liberation of the collective agreements from government supervision contributed to the normal development of relations between employers and working people. The 5-day work week was introduced as of 1 January 1981 for all government and Legal Entities of Public Law workers and employees and the prospect is that it will also be introduced in the economy's private sector.

"Significant also was the increase in pensions during the past 6 years. Thus, the smallest pensions provided by the Greek Craftsmen's and Tradesmen's (Insurance) Fund and the Social Insurance Fund increased five times, while those granted by the Farm Insurance Organisation will be--following the recent 50 percent increase--as of 1 August 1981 eight times greater than the 1974 pensions.

"In addition to the above measures, the legislated tax changes improved the position of the lowest income classes. During 1980 alone, the fiscal cost of tax exemptions (that is, the total annual amount of tax reductions) is estimated at 22 billion drachmas.

"The government showed particular interest in improving the farmers' standard of living. Indicative is the fact that the level of subsidies and income supports for maintaining the income level of the farmers during 1975-80 is estimated at 251 billion drachmas.

"Effective also were the government's measures to assist the lower income classes of the population--the farmers, those entitled to public and worker housing as well as the civil servants--to acquire their own housing.

#### Education

"In the education sector the National Democracy governments courageously and successfully faced many of the long festering and pressing problems, most important among which were the language problem and the issue of educational reform. The results of such reforms are already apparent, and will be moreso in the future. The old general education system was abolished and new impetus was given to the vocational and technical education in order to fill the country's needs in intermediate [education] personnel and to provide the possibility to the labor potential for greater choice and specialization.

"During the 1975-80 period, a total of 13,000 classrooms was added compared to 4,300 during the 1965-75 decade. About 3,000 more classrooms will be added in

1981. Thus, in the past 7 years we have built more classrooms than in the past 150 years. In 1980 the teaching personnel at all levels was increased to about 81,000 persons compared to 54,000 in 1974. This year the cost of education will reach 62 billion drachmas compared to 14 billion drachmas in 1974 while the investments budget credits for school buildings and equipment increased from 3.3 percent of the total credits to 10.6 percent.

"Finally, I should point out the important progress achieved in the area of health relief during the past 6 years. It suffices to mention now that the services given to almost all categories of citizens have been expanded and improved. During the 1974-79 period, 3,200 hospital beds were added and about 1,500 new <sup>word</sup> illegible/ were established. This year the cost of health and welfare will reach 64 billion drachmas compared to 12 billion drachmas in 1974. These few statistics give a general idea of the progress achieved until now.

"In the sector of regional development also significant steps were made. For the first time the government prepared comprehensive programs for regional infrastructure. These programs were financed by EEC. For improving the distribution of investments among the country's various regions, three laws were enacted during 1975-80 for regional development: 289/76, 849/78 and 1116/81. The contribution of these laws to productive investment in the various regions was indeed important as proved by the statistics of the recent population census according to which a significant population increase was noted in zones where these developmental laws were implemented.

"With the policy we followed until now: a) we ensured our national integrity and independence; b) we consolidated democracy and its institutions; c) we made Greece an EEC member; d) we laid the foundations for economic stability and economic development; and e) we realized reforms which placed Greece in the ranks of advanced countries.

#### **New Platform**

"But our creative task is not yet finished. To complete it we have prepared a program for the next 4 years. With this program the New Democracy Party aims a) at ensuring the liberal socio-political system and its values and b) at modernizing the management of this system, at renewing, that is, its structure, methods and persons. The main targets of our platform are:

"First, to maintain and ensure our national sovereignty and integrity. This necessitates:

"a. The consolidation of democracy and the functioning of the democratic institutions in the country.

"b. The implementation of an effective multi-dimensional foreign policy which is strengthened by the fact that our country is a full member of the European Community and,

"c. The defensive buttressing of the country which is based on the people's will and the strength of the armed forces for the defense of the Greek frontiers.



"These are the principles on which the platform for the foreign and defensive policy of the New Democracy Party is based.

"Second, to safeguard and to develop more the present level of intellectual and political freedom, social tranquility and economic progress. The intellectual and political freedom is an inherent property. It is at the same time the foundation and substance of our socio-political system. Without safeguarding it, however, social tranquility is neither assured nor permanent. Social tranquility is a precondition of economic progress. The authoritarian regimes which suppress intellectual and political freedom are in reality undermining social tranquility and limit the possibilities for economic development. The presentation of such tranquility in a regime of personal and collective intellectual and political freedom is a basic and permanent goal of the New Democracy Party. Every program and every action of our party aims at realizing this goal.

"Third, to ensure free economy, to promote intensive development and to consolidate the institutions which guarantee free economic activity, thus assuring the international competitiveness of Greek production--the only means for achieving our economic stability and progress.

"The state intervention in the production sector has ended. New Democracy leaves the further development of the economy to the private initiative with the legal profit as its main incentive. The public enterprises must operate on private economic criteria in order to improve their efficiency and to make attractive the purchase of their shares by people working for them. Here lies true socialization.

"Fourth, to modernize and reorganize the administration and the economy by dealing effectively with their structural and geographic weaknesses.

"The public administration and the management of our national economy were planned and organized to respond to the needs of an era and to a level of development which we have long ago surpassed as a nation. Today it is imperative that we orient the administration and the economy's management machinery to the needs of a new era--an era demanding very advanced knowledge, speedy action, assumption of greater responsibilities and faster ability to conform.

"Fifth, to protect the environment from catastrophe and to develop a new, higher level of life quality. The natural environment belongs equally to all of us. Its thoughtless destruction by pollution and its exorbitant exploitation harms all of us equally. New Democracy is determined to protect and preserve this, our common treasure, which constitutes a precondition for our own and our children's survival. [And our party] will do so on the basis of specific measures and not by statements and demonstrations; in accordance with scientific conclusions and not according to slogans of fanatics; by maintaining and not by slowing down the country's economic development. New Democracy will achieve this balance of protection and development with a special program it has worked out.

"Sixth, to distribute more equitably the [national] income and to ensure the participation of everyone in the overall efficiency of our society and economy. In the past 7 years, New Democracy's goal has been the fairer participation of

the citizens in the national income. This goal will be broadened gradually in the future with a number of measures which cover the whole spectrum of state activities. Measures of economic, tax, social and agricultural policy will converge into the goal of a more equitable participation of all citizens to the total social and economic efficiency of the system. New Democracy pays particular attention to the proper geographic distribution of the national income. For this reason it has concentrated and will concentrate all its attention on a comprehensive effort for regional development.

"Seventh, to improve qualitatively and to safeguard the educational reforms so that all citizens will acquire the necessary education which will allow them equal participation in our social system and equal opportunities for success. Education is not the means which assures only professional and social recognition in a developed society. Intellectual development and personal opinion were and continue to be a goal in themselves. The combination of this double mission of education was the basis of the recent reforms the New Democracy Party achieved.

#### Educational Reforms

"New Democracy will follow these same principles in continuing its effort to improve our educational system so that no intellectual possibility and no talent will be lost to the nation because of weaknesses in the system. A special effort will be made to restore the normal operation of the Supreme Educational Institutions. The disturbances in the area of these institutions which began during the dictatorship and inexcusably continued at the instigation of PASOK and KKE has undermined education dangerously. For lack of high caliber science and technology, a nation faces the danger of becoming servile and dependent on others. Only if the free flow of ideas is assured and if the freedom of teachers and students is protected in the academic area will the supreme education institutions become nurseries of free intellectuals and trained scientists capable of developing professional careers and successfully competing with their counterparts in technologically advanced countries. New Democracy has prepared a series of steps which aim at having science and research flourish again in Greece and at providing to everyone the opportunity to participate in this effort.

"Eighth, to ensure the prerequisites and to establish the conditions so that every citizen can get employment commensurate with his abilities. Work is not only a means for livelihood; it is a way for a man's participation in the social and economic life of the country; it is one of the procedures for fulfilling one's individual and social goals. New Democracy succeeded in achieving a high level of employment at a time when unemployment plagued all developed countries without exception. Applying a number of specific measures of economic and social policy, New Democracy will maintain a high level of employment and will improve conditions in the places of work and the leisure time of the working people.

"Ninth, to develop the preconditions for equal participation by women in all the country's activities. The equality of citizens does not stop at the political and legal equality nor at the common to all initial step leading to success. There should be equality between the sexes. Any discrimination against one of the two sexes is a denial of the whole system of freedom, equality and justice. New

Democracy, in addition to what it has done thus far in this area, will make sure that women gain equality in all sectors of social life while recognizing at the same time their unique positions as mothers.

"Tenth, to provide protection to the weakest members of our society and particularly to children and the elderly. Special protection for children and old people should not be considered a philanthropic obligation of the state. Protection of childhood constitutes an investment in the future of the country, while protection of the aged is a due repayment for their contribution to the development and progress of our society.

"If New Democracy's slogan which is consummated on 1 August was: 'All should be insured,' the slogan for the coming 4-year term is: 'A dignified pension for all.'

"Eleventh, to determine human living conditions for those living in the provinces as well as in areas where large numbers of people are concentrated, be they cities or settlements. The congestion in urban centers creates new problems of increased speed and size than it is possible to cope with. It is necessary, therefore, to exert greater effort for the solution of problems already existing as well as for planning future cities in order to avoid similar congestion. The best solution, of course, is to avoid such problems by developing the Greek province which always represented the true expression of the Greek spirit and also to avoid estrangement created by urbanization.

Situation Is Not 'Pitiful'

"You will allow me, ladies and gentlemen delegates, to close my speech with some remarks on economic matters which concern our people. It is a human weakness to consider as our self-evident right a new economic goal the moment we achieve it. But it is not permissible to write off all our economic gains and to ignore them to a point where we claim that we are experiencing a pitiful economic situation.

"It should be pointed out that the economic recession is to a large extent due to the uncertainty created by the irresponsible PASOK sloganeering. The danger of nationalisations and socialisations, and particularly the danger of general turmoil, negatively affects considerations for new investments. This, too, is another reason why the people will vote against PASOK.

"The truth, however, is that all these years the Greek economy has been an oasis among the tumultuous economies of most European countries, not to mention, as an example, the economies of the less developed countries of the eastern bloc or those of the third world which are indeed facing problems of survival.

"Until early in 1979 when the second energy crisis appeared, the developmental policy of the New Democracy governments had achieved high rates in national income growth and employment and succeeded in keeping unemployment at a low level. As a result our country had become a splendid example of a western world country which succeeded in avoiding the development of a social problem. During the same period we followed an intensive redistributive policy which succeeded in increasing the share of the working people in the income of the country's urban sector from 47 percent in 1974 to more than 56 percent in 1978.



"The second energy crisis increased the imported inflationary pressures abruptly and substantially forcing us to change our economic policy from expansionist to mildly restrictive. Logic and economic wisdom dictated such an action since, moreover, the non-oil producing countries, regardless of their economic or social system, were acting similarly. Finally, because even in the clouded socialized systems that exist only in the confused mind of the opposition no other way exists for coping with an energy crisis and its inflationary impact.

#### Liberalization of Prices

"This restrictive policy, which in our country assumed mainly the form of a minor restriction in credit expansion as well as of public expenditures and the public investments program, had positive effect on inflation and the balance of payments. The inflationary pressure began lessening gradually and thus we can look forward to an inflation drop this year to less than 20 percent while the balance of payments was kept in check during 1980 and is not expected to surpass 2,400 million dollars in 1981. These favorable developments allowed us to free the imports as well as the domestic market from various controls which were imposed from time to time and to let competition and free economy function normally. The restriction of the inflationary pressures proved in practice that, contrary to what our opponents claimed from time to time, application of the free economy principles could have only beneficial effects.

"Early in 1981, faithful to the principles of a free market and of an invigorated production as we had declared in our platform, we began implementing a policy of strengthening the industries and handicrafts as well as the construction sector which had been severely hurt by the recent earthquakes. We thus increased gradually and through prudent steps the economy's financing and especially the housing loans. We readjusted the maximum limits of loans per claimant and we applied for the first time incentives for regional development. Later, when we were sure that the inflation rate had declined substantially, we went ahead with the second step for reviving the economy by reducing by two points the interest rate on loans. Such reduction not only helps to invigorate production but is also an important relief for those enterprises which, under the influence of recession, are facing certain problems.

"It is indeed strange that the opposition has recently been showing such belated enthusiasm for helping the so-called 'problematical' enterprises and announced generous but vague measures for such help. One would say that such measures have no place in a Marxist-socialist socialized system, unless other designs are hidden behind it as usual.

"Our calculated economic policy allowed us to continue, even during these difficult years, our income policy toward the working people and to provide increases which covered and in many cases more than covered the loss of their income's purchasing power. The opposition, using its known demagogic techniques, is now trying to win over the working people with the slogan of automatic cost-of-living adjustments. At the same time, however, it diligently forgets to explain to the working people how the automatic cost-of-living adjustment functions and is attempting to create confusion, as is its habit, by speaking about a new special cost-of-living index PASOK will devise. It also avoids telling the working people that if the automatic cost-of-living adjustment had been in effect, even in its best form, for determining

the remunerations of the working people since 1974, such remunerations would be today at a level at least 30 percent below that of today's while the daily wage of the unskilled worker would be 425 drachmas instead of 565 drachmas on 1 January 1981.

"These are the facts, the truth, and we must thunder it out because it is our duty to enlighten the Greek people. At this moment the average Greek in Athens, Salonica and other cities as well as in the provinces enjoys a standard of living he never knew before. This standard of living has nearly reached the average level of the European Community countries and, in view of the new prospects our induction into the Common Market provides, it may become still better if we work harder and more systematically toward its achievement. To show how true this is one has only to think of his economic status 7 years ago.

#### National Income

"By following a prudent, calculated economic policy and by avoiding dangerous and outrageous experiments which surely would upset the economy, we were able to overcome the second energy crisis without real difficulties and to continue to increase our national income by about 2 percent even during these difficult years. During the same period many of the western countries experienced reduction or stagnancy in their incomes while several of the regimented economies of the eastern bloc--economies which are brandished [by PASOK] as models for imitation--also experienced stagnancy or even reduction.

"Ladies and gentlemen delegates, in the political climate of insecurity, vagueness and deliberate confusion created by our opponents, New Democracy is the only party which lucidly presents to the people its ideology and goals; which links tradition with progress; which harmoniously combines the past with the present and guarantees a splendid future."

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CSO: 4621/29



WILLOCH: THIS IS HOW WE WOULD GOVERN IF ELECTION WON IN FALL

Oslo AFTENPOSTEN in Norwegian 27 Jun 81 p 3

[Interview with Kare Willoch by Egil Sundar]

[Text] "We must immediately start to dispense with unnecessary restrictions and untimely legislative statutes!" The non-socialist prime-ministerial candidate, the Conservative parliamentary leader Kare Willoch stressed this as a typically "urgent matter" for an eventual nonsocialist government following the election 14 September. In an extensive interview with AFTENPOSTEN, Kare Willoch pointed out that a new government--be it a Conservative Party-Christian People's Party-Center Party coalition government or a purely Conservative government--would begin its duties by concentrating on the national budget, making sure it would be adjusted to the economic reality. But, otherwise, a nonsocialist government's work would be planned several year ahead. "Indeed, what counts is long-range results," Willoch emphasized. "And let there be no doubt about it: A government change this fall means we will have a clear security policy with undiminished support of the NATO cooperation."

The Conservative parliamentary leader told AFTENPOSTEN that cooperation with and support of NATO is now the only road to security and peace and the only realistic road to mutual reduction of arms.

"All the uncertainty created by the Labor Party with respect to its security policy can be dangerous because uncertainty invites pressure," said Willoch. "And the government can only blame itself for having created even more uncertainty about where it stands on vital issues. One NATO opponent in the government has now even given his support to a demonstration march in favor of establishing a nuclear free zone from Poland to Portugal, without any stipulation that armaments be reduced in the Soviet Union. That would expose all of Europe to superior Soviet forces and thus invite world catastrophe. Such attitudes could make the Soviet Union believe that the West will reduce its armaments even if the Soviet Union does not. Hence, the Soviet Union would not find it necessary to agree to limit its nuclear forces. NATO's negotiating strength is being undermined to the detriment of nuclear arms reduction. We will firmly support the NATO position, to which the present government

has also agreed, but for which too many Labor Party members have so little respect." "The main objectives of an eventual nonsocialist government's policies are already outlined in the rather comprehensive joint statement by the Conservative Party, the Christian People's Party and the Center Party. Which tasks would a new government prioritize and in what areas would voters first notice a change?"

"A list of some of the major issues must not be misunderstood to mean that other matters are less important," Willoch answered. "Just the same, let me stress the fight against inflation, dispensing with superfluous bureaucratic restraints on economic growth and the introduction of a less burdensome and restrictive tax system. But these matters are not primarily goals in themselves. They are necessary efforts to restore the nation's economic growth. And that must be done so as to be able to afford the progress we want, both socially and in other areas. Unfortunately, we can no longer solve our social problems by simply appropriating more money; we must add to the national income so that there will be more money from which to appropriate. But we shall not try to make anyone believe this can be done in the twinkling of an eye after the prolonged subversion of economic growth in Norway. First you will notice a new will to solve our problems, followed by gradual improvements."

"What is the nonsocialist parties' answer to the problem of inflation?"

"The first condition for reduced inflation is less growth in government spending. It is gratifying," said Willoch, "that all the parties are now fighting to prove this after strongly criticizing the Conservative Party for saying what they themselves are now saying. But when it comes to the ability to actually do it, the other parties will be restricted in that they for years have accustomed their supporters to believe that practically all problems can be solved by means of increased appropriations, despite the fact there was no real economic basis for them. This particularly applies to the Labor Party. The election campaign now features longer vacations, a 6-hour day and a lower retirement age, while at the same time the party is trying to explain there is no room for special concessions at this time. The Conservative Party, on the other hand, has repeatedly submitted concrete proposals and guidelines in Parliament for greater moderation and will carry them out."

Willoch stressed that another condition for reduced inflation is better cooperation with respect to more realistic wage settlements. "Settlements in those areas of the economy that compete with foreign countries must come first--and establish the norm. The government is also aware of that," he said. "But, yet, it has concentrated on wage settlements within the public sector, whose expenditures are covered at others' expense, ahead of those who must now get along by themselves. In spite of all the talk about improved income policies, we now have wage settlements twice a year instead of once. This must be stopped."

A third condition for less inflation," Willoch pointed out, "is more effective production to provide more goods for the available money."

The Conservative leader in Parliament is strongly critical of the present government's policies. And he does not have any difficulty finding examples for his point of view: "We are actually in a situation where the Labor Party's policies

make it impossible to avoid large-scale unemployment. Particularly dangerous threats to progress are inflation, taxes, which take away the fruits of private enterprise, the lack of voluntary savings that would benefit jobs, restructructions and bureaucracy." He also mentioned the uncertainty created by a drive toward socialization, which is now camouflaged as more of a workers' democracy.

"The tax progression with respect to personal income is undoubtedly the most dangerous issue for industry too because it raises wage demands and impairs incentive. This is profoundly alarming," said Willoch.

"Do you fear more socialization if the Labor Party and the Socialist Left Party together retain their majority?"

"With respect to the drive toward socialization, it would help if the prime minister could respond to direct questions: Will the Labor Party agree not to introduce the proposed reduction of ownership representation on corporate boards in the upcoming period? But as long as she refuses to answer, she confirms the uncertainty in this area. That provides another reason not to take the chance on a continued socialist majority."

"But certain late signs indicate that the government, despite everything, is in the process of changing its policies with respect to industry, among other things?"

"No effort to strengthen industry can be of any particular use if we cannot control inflation. The old Labor Party chief, Haakon Lie, is right when he says inflation threatens work for all. If production costs continue to rise faster in Norway than in other countries, we will lose jobs and have unemployment. Denmark is a frightening example of mass unemployment under a socialist government. We still have a chance to rectify the situation, but it looks like the Labor Party will put more emphasis on slogans than realities in order to avoid Danish conditions."

"What do nonsocialist policies imply for a qualitatively better society, Willoch?"

"Indeed, an infinite number of things come under the demand for a better quality of life. And much of that lies beyond policies. Within the area of policy, however, we need to consider social conditions, natural resources, the housing policy, the cottage policy and much more. But the feeling of not being stopped and entangled in a cobweb whenever you want to do something is, undoubtedly, of utmost importance. Among recent legislative measures from which many will feel the negative effects, I want to mention the planning legislation, which will make it even more difficult to get through the planning jungle, a further detriment to cottage building, for example. I also want to mention the unreasonable limits on freedom of action for those who live in housing cooperatives. We want to do away with all this and much more of the bureaucracy."

"Will a nonsocialist government be able to meet the modern demands on schools and higher education? Or will we continue to fall behind?"

"The future provides giant opportunities for a society that has enough people with initiative and knowledge. The need is growing for persons with practical ability as well as theoretical insight. But nations that lower the demand for qualified

people will experience the result as a kind of inexplicable stagnation long afterwards. Weakening the motivation to learn and the demand for factual knowledge, which socialist educational policies do, will generate a prolonged weakness. It is a frightening example that many consider a junior college education in Norway increasingly inferior to similar foreign schooling."

"How do you intend to change this?"

"The aim of the Conservative Party's educational policy is to fully utilize the individual's talents and interests, be they practical or theoretical. One of the first things we must do is to put an end to the general idea that age is more important than enterprise and qualifications, both with respect to admittance into schools of higher education and later.

"We must stop undermining the demand for qualifications in other areas too," Willoch pointed out. "For instance, the present government wants to give preferential treatment to persons of one sex over clearly better qualified applicants of the other sex, both when it comes to various studies and many demanding positions. This can only lead to inferior results and a general weakening of the desire to learn for persons of both sexes. It will be costly for society as a whole. The Conservative Party will provide full and equal opportunities for both sexes and restore respect for enterprise and knowledge, both practical and theoretical. That will benefit everybody in the long run."

"In your opinion, is the abortion issue a decisive obstacle to the formation of a coalition government between the Conservative Party, the Christian People's Party and the Center Party?"

"It should be possible to prevent the abortion issue from upsetting a government coalition, providing that all parties acknowledge each others' right to work for their own point of view. Let us make sure that all proposals are properly written and submitted to Parliament. Then, let Parliament decide.

This matter can no longer be dealt with as a purely political party issue. And, when it comes before Parliament, no party should try to create a majority for its point of view by seeking to prevent its own or other party representatives from voting their own conscience. Let the arguments prevail in an open debate!"

"Are you concerned about 'Swedish conditions' in the event we get a nonsocialist coalition government following the election?"

"Experience with one-party governments and coalitions show that there must be openness in the cooperation, but also loyalty to common interests. The collapse of the last three-party government in Sweden was due to the fact that the center parties entered into cooperation with the Swedish Labor Party behind the backs of their Conservative government partners. I cannot imagine anything like that in Norway."

"What is your view of the two possible nonsocialist government alternatives--a government by the Conservative Party, the Christian People's Party and the Center Party or a government by the Conservative Party alone?"



"A three-party government will, no doubt, have greater problems than a purely Conservative government with respect to internal agreement. On the other hand, however, it will be easier for a three-party government to get its proposals through Parliament. Furthermore, cooperation has its own value. For this reason, we prefer a three-party government. But a Conservative government is also a good solution, providing there is clear willingness to cooperate on the part of the three parties in Parliament. The joint statement by the three parties will be of great help in designing policies in both instances."

"How do you feel about the possibility of a nonsocialist government with the Liberal Party in a swing position?"

"The Liberal Party itself has pointed out many times there is no nonsocialist party and that it views both the Conservative Party and the Labor Party as its principal opponents. I will not reproach the Liberal Party for that, only state that it will be extremely difficult to generate any vigorous policies at all in Norway if such a party takes a swing position, thus creating frequent government crises by supporting the Conservative Party today and the Labor Party tomorrow. If you want a vigorous nonsocialist government, you must vote with one of the three nonsocialist parties."

"According to what principles shall an eventual three-party government be established?"

"I can see no greater democratic principle than that the government influence of the governing parties be in accordance with their influence in Parliament. The government shall be administered in accordance with the voters' judgement, without the parties trying to get more influence than has been granted them. But this also requires that the parties respect each others' point of view, without making use of an eventual majority to push their own ideas at the expense of others' in all controversial matters."

8952

CSO: 3108/164



## POLL SHOWS MOST BACK CONSERVATIVES' ABORTION STAND

Oslo AFTENPOSTEN in Norwegian 27 Jun 81 p 3

[Text] Most people feel the Conservative Party is right in leaving its representatives free to vote their conscience in the event the abortion legislation comes up again, according to an opinion poll taken by Norwegian Market Data last May. The majority of those questioned also oppose the Christian People's Party's decision not to participate in an eventual nonsocialist government if that government does not work for new abortion legislation that would end a woman's right to a self-determined abortion.

About two thirds (67 percent) of all questioned think the Conservative Party is right, while approximately one fifth (18 percent) feel it is wrong. These results confirm the answers obtained by Norwegian Market Data in a similar poll in May 1980, just after the Conservative Party congress passed its abortion resolution last year. At that time, 61 percent of all those questioned felt it was the right decision, while 19 percent said it was wrong.

With respect to the position of the Christian People's Party, better than one fourth (28 percent) of all questioned are of the opinion the party is right in its qualification for government participation. About twice as many (54 percent) think it is wrong. We must add, however, that the position of the Christian People's Party is clearly supported among the party voters--and, for the party, that is perhaps the most important. Seven out of 10 Christian People's Party voters feel the qualification is right. Only one tenth of the party voters believe it is wrong.

The polling was done through personal interviews with a selection of women and men above 15 years of age throughout the country, altogether more than 1,300 persons. The questions asked and the detailed distribution of answers are given below.

Question 1: "The Conservative Party has agreed to leave its representatives free to vote if the abortion issue comes up again in Parliament, i.e. all Conservative representatives will vote their individual conscience in this matter. Do you feel this is right or wrong?"

	All questioned %	POLITICAL AFFILIATION					
		A*	SV*	H*	Kr.F.*	S*	V*
		%	%	%	%	%	%
Right	67	61	55	85	60	74	73
Wrong	18	22	34	9	45	14	17
Don't Know	15	17	11	6	15	12	10
Total Percent	100	100	100	100	100	100	100

A- Labor Party

SV- Socialist Left Party

H- Conservative Party

Kr.F.- Christian People's Party

S- Center Party

V- Liberal Party

Among those questioned who vote for the Conservative Party, some 85 percent feel the decision is right, and 9 percent think it is wrong.

Among those questioned who answered they believed in self-determined abortion when asked earlier, some 75 percent feel the decision is right, 17 percent opine it is wrong and 8 percent are in doubt. Among those who oppose self-determined abortion, the corresponding percentages are 56, 27 and 17 percent.

Question 2: "As you know, the Christian People's Party opposes self-determined abortion--and thus the present abortion legislation. The party has said it will not become part of an eventual government if that government refuses to work for new abortion legislation that would end a woman's right to self-determined abortion. Do you feel the Christian People's Party is right or wrong in making this stipulation for government participation?"

	All questioned %	POLITICAL AFFILIATION					
		A	SV	H	Kr.F.	S	V
		%	%	%	%	%	%
Right	28	26	34	14	71	36	42
Wrong	54	55	50	74	12	57	37
Don't know	18	19	16	12	17	7	21
Total percent	100	100	100	100	100	100	100

Among those who support self-determined abortion, some 21 percent feel the Christian People's Party is right, 68 percent wrong and 11 percent in doubt. Among those who oppose self-determined abortion, the corresponding distribution of responses is 48, 34 and 18 percent.

8952

CSO: 3108/164

## SOARES MOVES TO CONSOLIDATE VICTORY GAINED AT PS CONGRESS

Lisbon EXPRESSO in Portuguese 20 Jun 81 p 6

[Article by Pedro d'Anunciacao: "Mario Soares Consolidates Positions With Divisions in the Secretariat"]

[Text] The dynamic quality of Mario Soares' victory at the recent PS [Socialist Party] Congress is beginning to have its effects: The Secretariat group is becoming divided, and the proximity of some of its members to the party's leader is already being noticed.

Last Wednesday, during the meeting of the Socialists' Political Commission, the results of the election of the new PS representatives on the FRS [Socialist Republican Front] Coordinating Commission were significant in this regard. They involved the replacement of two members of the Secretariat (Salgado Zenha and Vitor Constancio) by personages linked with Soares (Almeida Santos and Jaime Gama); and only eight of the 12 individuals present, associated with the former executive body, voted negatively. Of the four remaining, three abstained and one backed Mario Soares' proposal.

It was noteworthy that Vitor Constancio, Antonio Guterres, Sousa Gomes and the representatives of the autonomous regions did not show up at the meeting.

The group showing the most aggressiveness regarding the secretary general's positions consisted of three former GIS [Socialist Intervention Group] members: Jorge Sampaio, Joao Cravinho and Nunes de Almeida. Moreover, Antonio Reis was prominent owing to the response that he gave to statements made by members of his group, particularly those of Joao Cravinho, concerning the Parliamentary Group.

On the day before, Antonio Reis dissociated himself from the Secretariat by accepting Mario Soares' demand that new elections be held quickly for the leadership of the Socialist Parliamentary Group, and that a consensus candidacy be devised, with four members from each group.

## Soares Leads Constitution Revision

The first topic on the Political Commission's working agenda was, precisely, an assessment of the relations between this organ (in which the Soaresists are in the majority) and the Parliamentary Group (still apparently dominated by the Secretariat).

The PS statutes stipulate that the deputies are subject to guidance from the Political Commission. However, Mario Soares wants to go further, subjecting the Parliamentary Group to the Standing Commission (the present executive body) itself.

On Tuesday and Wednesday the Socialist deputies met, and did not succeed in completely eliminating the differences that divide them (see report on p 3). However, on Tuesday, a committee was set up (consisting of Antonio Macedo, Eduardo Pereira, Antonio Reis and Teixeira de Carvalho), for the purpose of ending the dispute. That committee reached an agreement based on the Soarist proposal (new elections immediately for the leadership of the Parliamentary Group and submission of a list based on parity). However, the majority of the Secretariat objected to Reis' position, rejecting the proposal (in the case of parity, it demanded that the head of the group, Salgado Zenha, have a tie-breaking vote, which Soares would not accept).

On Wednesday, the differences still remained. Nevertheless, with the negative vote of the Soarists, a motion signed by Joao Cravinho and Carlos Candal was passed, which set new elections to be held on 26 June and called for the preparation of a consensus list. At this point, although several backers of the Secretariat considered the victory of the Soarists (with parity on the list) inevitable, no understanding was reached as yet.

Thus, in the evening, the Political Commission was used by the Soarists as the basis for making their demands. The motion that resulted therefrom had three fundamental points: first, it expressed gratification at the intention of electing a new parliamentary leadership based on a consensus list; next, it stipulated that the Political Commission was to delegate to the Standing Commission, during the intervals between its meetings, the authority to guide the Socialist Parliamentary Group; finally, it explained that Mario Soares (and not Salgado Zenha) would lead the process of constitutional revision in the Assembly, on behalf of PS.

Meanwhile, the Parliamentary Group is scheduled to meet next week to make a final decision on the candidacy to be submitted on 26 June.

On Soares' side, Almeida Santos and Jaime Gama are to be nominated for vice-chairman and Armando Lopes and Elisio de Azevedo for secretary. Salgado Zenha will remain as chairman. Possibly to be nominated for the other vice-chairmanship is Carlos Lage or Cravinho. If there are differences, Constancio may result as an alternate solution (which would please Mario Soares greatly), with Cravinho and Lage as secretaries.

#### FRS Coordinating Commission Meeting Again

The second point on the working agenda of the Political Commission was the election of the new PS representatives on the FRS Coordinating Commission. As had been expected, Jaime Gama and Almeida Santos were elected by a comfortable majority. Moreover, to increase that majority, the absences of members of the Secretariat, as well as the three abstentions and the favorable vote, made a contribution.

Mario Soares has already called a meeting of the Coordinating Commission for next Tuesday. It will be the first meeting of this entity since the intensification of the conflict between the former Socialist executive body and the secretary general.

Despite the doubts that Soares has expressed about the success of the front, it should not be questioned now. All the more so since Mario Soares, in the talk that he held with Balsemao on last Wednesday afternoon, was informed that, at the wish of the prime minister, the PSD [Social Democratic Party] would not make any alliance with the PS in the local elections.

#### Contacts With Balsemao and Eanes

The Political Commission actually concluded with a delayed report from Mario Soares about the talk that he had just had with Francisco Pinto Balsemao and the meeting that he had requested of Ramalho Eanes (held yesterday).

With Balsemao, the PS leader brought up the basic, current political issues. However, it was only in connection with the alliances for the local elections that a concrete conclusion was reached.

The prime minister gave Soares to understand that, in order to continue to control AD effectively, he considered it essential to sign a formal agreement with the CDS [Social Democratic Center Party] for the local elections. Hence, he even went so far as to state the intention of opposing the Loures Social Democrats, who insist upon a local alliance with the Socialists.

As for the other issues, including the constitutional revision, they received only superficial treatment, even though it was time-consuming (the meeting lasted nearly 2 hours, between 1930 hours in the evening and 2130 hours at night, even causing a delay in the opening of the Political Commission meeting).

With Ramalho Eanes, Mario Soares also held a conversation on the general political situation, a conversation which, late yesterday afternoon, he described to the members of the PS Standing Commission.

The Socialist leader held this meeting with two essential purposes in mind: on the one hand, to make it clear that, on the institutional level, his relations with the president of the republic have become normal; and, on the other, to underscore the fact that the relations between the presidency and his party will always take place through him, as secretary general of the party.

2909

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## PCP POLITICAL STRATEGY DEEMED FLEXIBLE

Lisbon EXPRESSO in Portuguese 4 Jul 81 p 4

[Article by Miguel Almeida Fernandes: "PCP: From Cordial Relations With Eanes To Agreement with PS and Demand for Elections"]

[Text] EXPRESSO learned from well informed sources that the relations between the Communist Party (PCP) and the president of the republic are cordial, and there are no major clashes to be cited.

The same sources added that the Communists have also arranged their action with respect to the head of state very carefully, at all times avoiding any conflict or misunderstanding.

Before sending any invitation to Gen Ramalho Eanes in connection with his possible attendance at a function of a unified nature, the PCP "reconnoiters" in advance, and finds out whether or not the president himself would possibly be interested in participating. To date, the head of state has always refused to take part in these demonstrations, but his relations with the PCP have not experienced any cooling on this account. In fact, the Communists are well aware that their essential weapon consists of not attacking the president of the republic, but merely backing him in the "guerrilla war" that AD [Democratic Alliance] sectors persist in waging against the head of state.

At the same time, the PCP is still the only party which has, on a national scale, a well established and clearcut machine on which the president of the republic may, some day, find it necessary to "rely," in the event of a deterioration in the relations among the various organs of sovereignty.

In any event, the dies are cast and the groundrules are defined. In the view of Gen Ramalho Eanes, the Communists (who backed his second candidacy) have a right to express their opinion freely and to demonstrate, provided they uphold the democratic order that is in effect.

According to the PCP, the repayment for the support to the head of state's second candidacy is limited only to the requirement that he uphold the constitutional order and "prevent" a revision of the Constitution that would substantially change the prevailing economic system. This is the only demand that the Communists make of Eanes; and here the position of the current president of the republic is clearly

distinguished from that of Gen Humberto Delgado. Eanes is the power. Delgado was only a dangerous leader of the opposition.

#### Agreement with PS or Mitterrand's Influence

But, while the relations with President Eanes are merely cordial, it is at the parliamentary area and that of the government that the Communists are aiming their guns.

Launching once again slogans that range from the establishment of a commitment with the PS [Socialist Party] to Francois Mitterrand's good conduct, the PCP decided, at the beginning of this summer, to demand the ouster of the Balsemao government and the holding of early elections.

In fact, two demonstrations held last weekend, one by the CGTP [General Federation of Portuguese workers] and the other by the PCP, culminated the political activity carried out by the Communists over the past 6 months.

At the Olivais rally, Alvaro Cunhal remarked: "The PCP is ready to examine, jointly with all the democratic forces, and specifically with the PS, all matters relating to the national situation and to a democratic alternative."

Hence, the PCP leader appears willing to expand the Communists' area of action: On the one hand, he is still counting on a frontist strategy; and, on the other, he has now set up bridges for the PS, reviving the theory of the "leftist majority."

Frontism has been promoted by the PCP, assuming key positions at all the unified demonstrations (note that of 25 April, and the one on Saturday, held by CGTP); while, at the same time, it has lent its mobilizing capacity to these functions and, as was to be expected, has included in them the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission].

The revival of the "leftist majority" is essentially due to three factors, namely: the need to establish a consensus with PS on the constitutional revision; Mario Soares' recent victory in Congress, to the detriment of the Secretariat line; and, finally, Francois Mitterrand's election as president of the republic in France, and the resultant formation of a PS-PCP [French Communist Party] government.

Hence, the Socialists' victory in France and its effects in Europe have already been used by Alvaro Cunhal's party for the purpose of establishing agreements with the Socialists.

Realizing that Mario Soares' major objective in time is the Belem palace, the PCP may possibly be interested in the same strategy that brought Mitterrand to victory in France. In this case, the compensation would be to obtain some cabinet posts in a future executive branch.

#### The Government's Ouster Demanded

Simultaneously with the delineation of this strategy, the Communists anticipate and have even demanded the formation of a democratic government within a short time, and

the ouster of the current executive branch. This move is based on the claim that the present government "does not serve the people" and consequently must be dismissed.

On Sunday, the PCP leader commented: "The urgent need for the dismissal of the AD government is not just a political matter, but a matter of a regime."

However, it so happens that the date on which the CGTP and PCP demonstrations were held unequivocally indicates the slight interest that the Communists have at present in the government's immediate ouster.

Political observers even note that the slight mobilization capacity shown by the PCP at the demonstrations last weekend, as well as the time when they were held, are evidence that the PCP is waiting for the fall to start a real offensive. Those gatherings will be confined to, or cover a period of truce with the government and a prelude to a new outbreak of strikes, which will be on the agenda after the vacation period. It is no secret to anyone that, starting in September, a worsening of labor conflicts is anticipated, owing to the stalemates in the collective contract negotiations and the increased cost of living.

Thus, the PCP is sitting out the height of summer, awaiting the outbreak of further divisions in AD, so that in October, it can calmly trigger its "tour de force" and plan for the local elections. Simultaneously, it is progressing with the slogan for holding early legislative elections, for the sole purpose of detracting validity from the election of 5 October. In fact, in the event of a possible AD defeat in the local government elections (according to the PCP) it is possible that the president of the republic may convoke new early elections.

2909

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## CALL FOR OUSTER OF BALSEMAO PROVOKES DISCORD WITHIN CGTP-IN

Lisbon O JORNAL in Portuguese 3-9 Jul 81 p 11

[Article by Jose Pedro Castanheira: "Demonstration Causes 'Storm' in CGTP"]

[Text] During the past few days a slight "tempest" struck the leadership organs of the CGTP-IN [General Federation of Portuguese Workers/National Intersindical], concerning the demonstration held last Saturday at which, for the first time, the replacement of the Pinto Balsemao government was expressly requested. According to observers, this is the greatest internal crisis since the last congress of the labor federation.

A first clash occurred at the meeting of the executive secretariat, which took place on Tuesday of last week. The topic of discussion was who were to be the speakers at Saturday's demonstration. The initial motion of the majority group put forth the names of Manuel Carvalho da Silva, of the federation's national secretariat, Florival Lanca, of the Lisbon Trade Union (who would speak on behalf of the organizing committee) and a leader from agrarian reform. This list did not receive the approval of the minority members, who argued using the fact that all three leaders nominated belonged to the PCP [Portuguese Communist Party]. Kalidas Barreto was particularly firm, "warning" that instances such as that of May Day (when all the speakers at the Lisbon rally were Communists, including a member of the party's Central Committee) could not be repeated. The unified nature of the confederation (claimed the UEDS [Leftist Union for Socialist Democracy] leader) must be revealed on all occasions, not just when it suits the majority.

It was in this context that the name of the independent, Carlos Trindade, from the confederation secretariat and the Lisbon Trade Union, was suggested, and eventually received consensus, replacing Florival Lanca.

PCP: 'A Live Toad'

The next day, Wednesday, it was with surprise that the minority members learned, from the morning paper O DIARIO, that the PCP decided to take part in the demonstration with a delegation headed by Alvaro Cunhal. It was a surprise because such a position is not very common, in addition to the fact that neither the organizing committee nor the CGTP executive secretariat had been notified.



A prominent leader of the minority told O JORNAL: "This declared support from the PCP for a demonstration is incomprehensible," especially since, he added: "The party has recently attempted, and I think very fittingly, to lessen and reduce its presence in the federation." Another leader associated with the minority, who was more laconic, confined himself to describing Alvaro Cunhal's presence as "a mistake."

A certain amount of embarrassment was also evident among the Communist union members. Attempting to give an excuse for the situation, Carvalho da Silva told ANOP [Portuguese News Agency] that, "Any organization is entitled to join any demonstration called by the unified labor movement." At the same time, a member of the organizing committee spoke frankly to the O JORNAL reporter walking down Avenida da Liberdade: "I am a Communist militant. but I do not approve of the party's decision!"

The "utilization" as someone called it, of the CGTP demonstration by the Communist Party began to be clearer with the sudden change in slogans. In fact, at the press conference held on Monday, 22 June, the organizing committee had not yet included among the main objectives of the demonstration the ouster of the government, confining itself to a repetition of the "demand for a different policy." Only 2 days later, the slogan "The Struggle Continues-AD/Balsemao Out!" was included; at the same time that the PC's DORL [Lisbon Region Organization Directorate] issued a communique backing the demonstration and stressing "the need for a democratic shift, for which new social and political conditions have been created."

The demand for the ouster of the government by the CGTP is far from new. Mota Pinto and Sa Carneiro were among the prime ministers whose heads were demanded on Rua Vitor Cordon. A similar position toward Pinto Balsemao has been devised, with undeniable logic, since May Day. Observers knew that, sooner or later, the fall of the government would become a priority of the confederation. But, although this is true, the observers did not overlook the hasty and even imitative manner in which the federation started demanding Balsemao's ouster.

That significant political events had occurred to warrant this sudden change was an explanation which we sought in vain from several leaders.

It was eventually the speech delivered by Alvaro Cunhal at the Sunday rally in Olivais that shed light on this process. In fact, the PCP secretary general, who reiterated and developed the general lines of the address given by the CGTP's national secretary, took advantage, politically, to the limit and in a brazen manner, of the demonstration the previous day.

The "puzzle" had been completed! So that a source close to the minority members admitted to O JORNAL that, "This time, the dynamics escaped the federation!" "A live toad" was how our spokesman described the way in which the demonstration took place, concluding that, "If they desire to turn this into a PC labor federation, then let them do so, but they will not have us."

#### Membership in EEC and Incidents With UDP [Popular Democratic Union]

A third disturbing element was the inclusion among the watchwords of the "slogan": "CEE Is an Evil-We Don't Want Portugal There." According to reliable sources, Kalidas Barreto, in the middle of Marques de Pombal, vigorously challenged the



organizing committee for the demonstration, demanding the removal of the watchword and the comment of the same type contained in the resolution to be read at the end of the rally. In the event that this did not occur (and we are still quoting our sources), the CGTP national secretary would take the liberty of dissociating himself from the demonstration and explaining to the public the reason for this act of his.

The leader of UEDS and candidate for deputy representing FRS [Socialist Republican Front] argued that the last congress of CGTP had approved a position on principle, although critical, favoring Portugal's entry into the European Economic Community. Moreover, that watchword could, in the opinion reportedly expressed by Kalidas Barreto, irretrievably interfere with the CGTP's request for membership in the European Trade Union Confederation.

This genuine "ultimatum" was accepted by the organizing committee, which gave instructions (that were stringently obeyed) to the loud speaker trucks to omit the watchword about the EEC. And in the Rossio [square], newsmen would receive the text of the resolution with two comments relating to the Common Market... hastily deleted with a ball-point pen.

While all this occurred behind the scenes, the same thing did not hold true for the incidents which marked the demonstration, opposing the forces of order and a group of demonstrators considered to be closely affiliated with the UDP. As a result of the conflict (which attained unprecedented proportions) there were several injuries and a genuine verbal battle, which lasted until mid-week and reached the Assembly of the Republic itself, because the UDP deputy, Mario Tome, was indirectly implicated in the incidents. According to most observers, the incidents reflect the state of increased tension in the union area between the PCP and UDP which, as everyone knows, is the major movement among the CGTP minorities.

#### Secretariat Discusses Incidents

Since it was inevitable, all these events which occurred almost simultaneously had immediate repercussions on Rua Vitor Cordon. And while some, associated with the Communist movement, attempted to undramatize them, considering them a "tempest in a teapot," the same thing did not hold true for the minorities, and someone even stressed that, "This is the greatest internal crisis, at least since the last Congress."

Be that as it may, the problem was discussed at the meeting of both the executive secretariat (30 June) and the national secretariat (1 July), which put a final end to the issue, at least temporarily. From what we have learned, the Communist movement admitted that the watchword concerning EEC had been a mistake, while justifying the announcement of Alvaro Cunhal's presence as a means of mobilizing the party's militant members, so as to keep the demonstration from being less heavily attended. The minorities, in turn, demanded that, in the future, the policy decisions on watchwords be properly followed by the executive body.

The violence used in the incidents opposing the forces of order and the demonstrators affiliated with UDP was also condemned. Opposing the use of violence on principle,

some members of the minority called attention to the fact that the repetition of incidents such as this could be used by the government as an excuse for intervention by the police forces: a risk that must be avoided at all costs.

The final communique from the national secretariat meeting, however, did not assume any position on the incidents, confining itself to an indirect reference, making an appeal for reinforcement of unity "through candid, open, democratic dialog." The text also omitted any comment on EEC or on the PCP's participation in the demonstration.

#### The Demonstration

As is typical of the CGTP, last Saturday's demonstration brought several tens of thousands of workers to the Rossio. The confederation proved, once again, its ability to mobilize; although the attendance was, of course, less than that on May Day and at the popular demonstration of 25 April, which was also staged at Rossio de Lisboa.

It was a demonstration with nothing new, beyond what we have noted. The only surprise may have been the backing given it by Beja Santos, a well-known PS militant who signed a statement with a group of intellectuals, nearly all of whom were affiliated with the PCP. An FRS candidate for deputy, that "apostle" of consumer protection seems to be the first Socialist, in recent months, to have broken the traditional "freeze" that exists between the PS and CGTP.

The speech given by Manuel Carvalho da Silva (considered the number three man from the PC hierarchy in the confederation's secretariat) did not add anything new to that of May Day, except the demand for a request for the ouster of the Balsemao government. The federation justifies this position that it holds on the basis of AD's "accelerated and unconcealable disintegration," the leadership of the executive branch "by its most reactionary and retrogressive sectors," and the coalition's "progressive political and social isolation." According to CGTP, paraphrasing Mario Soares, the demand for the government's ouster reflects a "real, enormous, fundamental void," one that will increase as a result of the promised intensification of the mass struggle which the confederation will attempt to direct, simultaneously, for the constitutional revision and the creation of "conditions for a new policy and a government that will carry on the ideas of April."

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